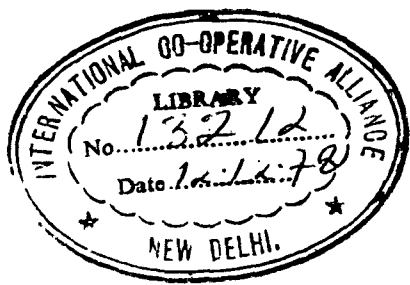


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Review of International Co-operation



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THIS ISSUE

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Co-operative Self-help in Changing Times

P. Watkins

Basic Purposes of a New World Economic Order

Francis Blanchard

Co-operatives and Trade Unions

Wolfgang Münckner

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THE INTERNATIONAL CO-OPERATIVE ALLIANCE

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

It comprises organisations in every continent, and its total affiliated membership through national organisations exceeds 321 million. The consumers' movement accounts for just under half the membership, the other half consisting of agricultural, housing, credit, workers' productive, artisanal and fishery societies.

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

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

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

In the United Nations, its Economic and Social Council, as well as in some of the Specialised Agencies, it enjoys the right of participation in their meetings and work as an International Organisation with Consultative Status, Category 1.

Its official organ is *The Review of International Co-operation*, published bi-monthly.

The study of International Co-operation takes place under the auspices of the 'Henry J. May Foundation', the Permanent Centre of International Co-operative Study.

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

Review of International Co-operation



The official organ of the International Co-operative Alliance

Editor: J. H. Ollman

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The Report in Brief of the ICA XXVIth Congress will appear in a later issue.

The ICA is not responsible for opinions expressed in signed articles.

Editorial and Administrative Office:

11 Upper Grosvenor Street, London W1X 9PA Telephone 01-499 5991/3

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The President's Message for 1977

For Co-operators, the year 1976 was undoubtedly marked by our Alliance's Congress held in September in Paris, together with the meetings of its Auxiliary Committees.

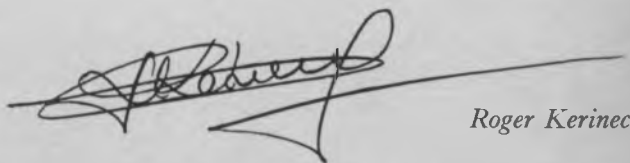
According to the various impressions gathered immediately afterwards from the Co-operative Movements taking part in its discussions, the Congress was a success. And although it is difficult for the President of such an event, who has to be both referee and player, to form an objective opinion, the whole atmosphere seemed to me excellent.

The interventions, of which there were some 150, showed a notable spirit of unity in spite of the wide ideological, economic and cultural differences between the various Movements taking part. A strong desire to work together was manifested, and it will be the task of Central Committee, of the Executive and also of the various Auxiliary Committees, to translate this desire into fact, and thus allow the Alliance better to assert the important role which is its due.

The general trend of our labours was defined in the Resolutions unanimously adopted by our Congress, all of which touch on subjects of great importance for the future of our Movement: while some of the most significant Resolutions relate to the support and strengthening of the co-operative press, the application of a long-term programme of work and collaboration between co-operatives, others are equally definite on our policy in the fields of fisheries, housing, tourism and standardisation, and we are also reminded of the essential role to be played by women within the Co-operative Movement.

But it is obvious that it is the national co-operative organisations composing our Alliance, above all, who will have to work out the practical implications of the various Resolutions, so that co-operative ideas and achievements may continue to prove their effectiveness in their respective countries.

To all these Movements I send my very sincere wishes for success not only in 1977, but also in the years to our next meeting in Moscow in 1980.



Roger Kerinec

The Resolutions adopted by the ICA XXVIth Congress are reproduced at the end of this issue.

BfG:

1976. A year marked by strong competition between banks: in West Germany as well as the world over. Success is measured by being one step ahead of competitors, being better equipped, applying flexibility and creativity in arranging deals and providing better overall service to customers. These were the guidelines BfG followed in 1976. They will equally determine our actions in 1977. BfG's 1976 performance was highlighted by solid growth. At year-end we showed:

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These are preliminary figures as of December 31, 1976. Final results will appear in our annual report to be published towards the middle of 1977.

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Reflections on Co-operative Self-help in Changing Times

by
W. P. Watkins

The starting point for these reflections on Co-operative Self-help over the two centuries of its evolution is the working assumption that, in any social system, no matter what its stage of technical and political advancement, human well-being is the joint product of three factors, namely: self-help, or what the individual does for himself and his family; mutual help, or what people do by acting in concert for common purposes; state help, or what government does for the community at large and especially for the deprived, infirm or helpless. These three modes of action are fundamentally complementary, in varying proportions according to circumstances. Well-being is maximised when they are operating in harmony in a well-planned social system.

Co-operative Self-help is essentially mutual or combined aid; in any case, not individualistic. As a British Christian Socialist of last century once said: "Co-operation is self-help, but not selfish help." The Russian philosopher, P. A. Kropotkin, also from the last century, demonstrated that mutual aid was one of mankind's oldest and deepest instincts and that Co-operation is one of the most important forms of mutual aid of modern times. If any Co-operator wished to

compile a Bible of Co-operation, Kropotkin's treatise would be the only conceivable choice for its Book of Genesis. The ICA Commission on Co-operative Principles declared in its Report, adopted by the Vienna Congress of 1966: "Co-operation at its best aims at something beyond promotion of the interests of the individual members who compose a co-operative at any time. Its object is rather to promote the progress and welfare of humanity." It is Co-operation *at its best* that is discussed here.

The First Phase

Co-operation emerged some two centuries ago as a form of association for mutual help during the great Industrial Revolution which began in Great Britain in the 19th century, spread over Europe and North America and is now in full swing in the Third World. In its earliest phase the revolution proceeded under capitalist leadership, causing widespread movements of population which tended to concentrate the wage-earners in new and old industrial towns and villages under unhealthy and squalid housing conditions. Poverty became a mass-phenomenon which no government could overcome, for neither legislative nor administrative measures could arrest

the growth of propertyless classes. Neither parish doles nor private almsgiving could offer any cure for poverty. The poorer workers could hope for nothing from either. They therefore turned to mutual aid in various forms—mutual benefit societies, associated enterprises to cheapen the cost of subsistence, trade unions (even when these were forbidden by law)—with the encouragement of philanthropists and others who looked with a critical eye on the new industrial system and sought constructive solutions for the poverty problem.

Robert Owen and his French contemporary Charles Fourier were the two greatest among many thinkers who put forward schemes for reforming the industrial system so that it provided a basis for a better social order. Each of them presented his social ideal in the form of a voluntary self-supporting agricultural and industrial community. This ideal, often regarded as utopian, radiated a light by which impoverished workers discovered the way to Co-operation which became a movement transcending the associated shop or workshop, because it not only defended economic interests, but also embodied principles of social and ethical significance for all mankind. In a burst of enthusiasm an anonymous Owenite, writing in the *Economist* of 1821, formulated the goal as “unrestrained Co-operation for every purpose of social life.”

The Co-operative Movement, however, which extended over Europe and the USA in the 19th century, did not develop in the form of self-supporting communities but as a multiplicity of co-operative associations of various types, corresponding to their members’

varying circumstances and common interests—consumers’ societies; credit societies, urban and rural; producers’ societies, of industrial and agricultural workers; farmers’ marketing and supply societies, housing societies and so on. Co-operatives of each type formed their own unions and advanced along their own lines, sometimes collaborating, sometimes colliding, with the other types. In a few countries these segmental Co-operative Movements joined in a general confederation for consultation, representation and defence of common interests. Before the end of the century some of them had united to found the International Co-operative Alliance, the first step towards world-wide organisation. What is noteworthy is that, with few exceptions, they were purely self-help movements, owing nothing or as little as possible to government promotion. Of course, governments in time recognised the need of co-operatives for legal protection against theft and fraud, like any other honest form of business undertaking, but the co-operatives and their unions had few favours for which to thank the State. Their driving power was generated, as their policies were determined, by the good sense, energy, enthusiasm and faith of their membership and its leaders. It will be recalled that leading figures like Schultze-Delitzsch and Raiffeisen jealously asserted the self-help character of their movements, resenting government intervention in any sphere outside its legislative and administrative functions. As late as 1904 the ICA Congress, held at Budapest, was the scene of a hard-fought but inconclusive debate between advocates and opponents of state promotion of co-operative enterprise.

Contributions to Economic and Social Progress

By the end of the 19th century the significance of the role played by Co-operatives in society and their contribution to economic and social progress were clearly visible. First, they had defened millions of less prosperous people—industrial workers, peasants, small farmers and unskilled labourers—against the worst effects of the Industrial Revolution. In particular, the consumers' societies had complemented the action of the trade unions by enabling their members to get better value for their money wages, or that part of them spent on goods of daily consumption. Whereas the organisation and methods of private trade had remained virtually *uninfluenced by the Industrial Revolution*, consumers' co-operatives introduced and developed a new and improved system of commodity distribution. By their insistence on cash payments and by offering facilities for the deposit of small savings they rescued the poorer consumers from the evils of long-term indebtedness and trained them in habits of thrift. With more prudent handling of money incomes, workers' standards of living rose; they could take advantage of opportunities for longer and more advanced education, offering a wider choice of employment and better chances of promotion. Simultaneously the credit societies were providing similar benefits for their mainly producer membership, demonstrating that they held the most effective antidote for the endemic usury in rural neighbourhoods.

Second, the Co-operatives helped their members to accumulate both collective and individual capital, thus enabling them to invest in enterprises

which replaced traditional by modern processes and business methods. In other words, the artisans and peasants individually and the consumers collectively, could become masters, no longer victims, of the Industrial Revolution, using and exploiting its advantages instead of suffering its disadvantages. To take one simple example, through the organisation of co-operative dairies farmers in the grazing regions of Europe and North America could utilise the mechanical power-driven cream-separator for butter-making, thus at one stroke liberating the farmers' wives from no little drudgery and supplying consumers with a better product.

Third, as governmental systems changed in the course of the 19th century to parliamentary constitutions, based on manhood suffrage (women not yet being included), Co-operation's educational importance became significant for more than purely Co-operative purposes. Everywhere the Movement served as a training school in good citizenship. Men and women who first learned to understand and operate the democratic administration of common affairs in their co-operative assemblies and committees, not merely became active citizens, but gained recognition as suitable candidates for public offices, often the highest, in local and national government.

The Second Phase: State Intervention

Before the outbreak of the first World War in 1914, the Co-operative Movements of Europe had mostly passed out of their first or pioneer phase and their central organisations had become firmly established. The next phase was marked by a complete change in the attitudes to

Co-operation in one or another of its forms on the part of national governments. In the first half of the 20th century the Movement, instead of being ignored, became more and more actively promoted by government agencies. The old orthodoxy of *laissez faire* was dethroned. The epoch of economic liberalism, that is, of freedom of enterprise, international trade, immigration, circulation of money and means of payment, ended with the declaration of war. Individualism was already losing popularity amongst business men and industrialists, giving way increasingly to trust and cartel formation. Wartime conditions demanded government control of national economic life and, by increasing the confidence of ministers and public officials in their ability to direct industrial organisation, reinforced the inclination for the State almost everywhere to intervene in any sphere of the economy. The political product of the liberal epoch, manhood suffrage, endowed wage-earners and peasants with political power. They neither understood nor tolerated *laissez faire* but expected government to remove their disabilities and overcome their economic difficulties. Many of them preferred political agitation, with its hope of prompt action, to self-help with its slower processes of learning by trial and error. Professional associations among farmers were encouraged, particularly in the last quarter of the 19th century, as the development of steam transport had enabled overseas farmers to compete in European produce markets.

In the middle 1890s, both the French and the former Prussian governments took action, the former by instructing the national central bank to make funds

available for new agricultural co-operative enterprises, the latter by creating a special credit institution to reinforce the banking systems of the agricultural and artisanal Co-operative Movements. Even more significant and far-reaching in its consequences was the decision of the British imperial government in India to adopt the Raiffeisen system of co-operative credit as a remedy for rural usury, which was a powerful factor in keeping the peasantry poor. An Act of 1904 brought the State in the British-ruled provinces effectively into the field as the principal promoter of Co-operation. This legislation was later amended to provide for other types of Co-operative besides credit and copied by the administrations first, of contiguous British-ruled territories in South-east Asia and ultimately, over about half a century, in almost every part of the British colonial system. Simultaneously other colonial Powers attempted to promote or encourage Co-operative development in parts of Africa and Asia, employing different forms of State action, all the more after the idea of "trusteeship" became a leading principle of colonial policy.

Parallel to these developments could be observed an increasing tendency of these governments to take responsibility for social policy in their home countries. Certain elements of what was later to be called "the Welfare State" became visible even before the first World War, notably the insurance of the working population against sickness, old age and unemployment by systems introduced by legislation and administered by government departments. In the early years attempts were made to co-ordinate these systems with the functions of the

older mutual benefit societies which for generations had served similar purposes on self-help lines. However, in the long run the tendency for the State to play a role of increasing importance, and ultimately to render voluntary mutual aid more or less superfluous, prevailed.

Inter-governmental Aid

The foundation of the League of Nations and the International Labour Organisation as part of the peace settlement of 1919 favoured the enlargement of the economic functions of governments. The League took several years to learn to recognise the importance of mutual-aid movements. The ILO, whose constitution provided for the representation of trade unions and employers alongside of ministers and public officials in national delegations to its meetings, at an early stage created its own Co-operative department, for its first Director was the eminent French Co-operator, Albert Thomas. The ILO Co-operative Service became in a few years a most important agency for the collection and diffusion of knowledge about Co-operation, especially among governments ambitious to become known for pursuing enlightened social policies. Both Albert Thomas and the head of the Co-operative Service, Dr Georges Fauquet, were members of the Central Committee of the ICA and played an active part in broadening the views of the ICA's leadership besides encouraging the study and practical realisation of inter-co-operative relations, especially between agricultural and consumers' co-operative organisations. The United Nations Organisation which replaced the League, avoided some of the latter's mistakes by recognising from the begin-

ning the need for collaboration with mutual-aid organisations on the international level. The grant of consultative status to these organisations in Article 71 of its Constitution enabled the UN to draw upon their special experience and enlist their active assistance in practical projects involving expert aid in economic and social fields important for governments of countries newly liberated from colonial rule. During the past 25 years there has grown up an expanding system of international aid, which includes the promotion of Co-operation and extends to an increasing number of countries as nation after nation achieves independence and their governments take part in the activities of UN and ILO. In the late 1960s both the Conference of the ILO and the Assembly of the UN went on record with pronouncements of the first importance on the contributions of Co-operation to economic and social development and the vital necessity of promoting it on the right lines if all its advantages were to be reaped.

These declarations properly belong to the third phase of development of Co-operative self-help, but before entering upon that subject it is necessary to recall that the second phase coincided with a period marked by two World Wars and a number of political and economic convulsions which had very chequered consequences for the Co-operative Movement, particularly in Europe. On the one hand, the food and other supply problems compelled governments to take a grip of their national economies, not in the belligerent countries alone. Ministers and public officials found the honest and public-spirited trading practices of both con-

sumers' and producers' co-operatives of inestimable value in operating rationing systems, as well as combating price-inflation, speculation and black-marketeering. The war inflicted financial losses, often heavy, on co-operative organisations, but these were also in a sense offset by increased membership and enhanced public respect. In one notable case, the Scandinavian countries, war scarcity forced the consumers' co-operative wholesales into an experiment in joint international buying which became the Movement's most successful achievement in the field of international trade.

On the other hand, the Russian revolution of 1917, by encouraging greater militancy amongst industrial workers of other countries in pressing their social demands, also provoked retaliation, often violent, on the part of those whose interests were menaced. The twenty years between the two World Wars were marked by anti-democratic, anti-libertarian movements, culminating in civil strife and the establishment of totalitarian, dictatorial governments and corporative systems of economic control, in Italy, in Germany and the countries absorbed by the Third Reich, in the Balkans, the Baltic Republics and in Spain. In all of these Co-operatives, constituting a democratic movement of the common people, were regarded with suspicion or hostility and subjected to greater or less restriction, according to whether their economic functions could be disturbed with impunity or not. Consumers' co-operatives especially, because of their friendly relations with trade unions and socialist parties, became targets for violence and, in the Nazi Reich, marked down for liquidation. In Russia itself, the Soviet regime

took complete command of the Co-operative Movement, suppressing some types of society but making use of others, in accordance with the doctrines of Lenin, as means of replacing private and capitalist enterprise, as well as of educating the people to accept ideas and methods appropriate to the reconstruction of society on socialist lines. From 1945 onwards Soviet example and influence shaped the policies and attitudes adopted in developing Co-operation in all countries which came under communist control, not only in Europe but in other continents.

The Third Phase: The Two Revolutions

It is the third phase in the evolution of Co-operative self-help, which began some thirty years ago, in which we now find ourselves. The two World Wars had this in common, that they both resulted in the break-up of empires and the liberation of subject peoples, the one chiefly in Europe, the other in the countries outside Europe dominated for a time by mostly European Powers. The main driving force of the liberation movement was not simply the desire for freedom and national self-determination, but also the desire to enjoy the same degree of freedom from want, disease, squalor and ignorance as the Europeans and people in North America of European stock already enjoyed. The urge to use political freedom to launch themselves into the stream of economic and social progress drove them to engage in a similar technical and industrial revolution to that which began in Europe two hundred years ago. In other words, the original Industrial Revolution now became world-wide.

In the regions of advanced industrial development and relatively high standards of living, trade had been dammed back for six years by the commitment of industry to war production, even if technology had in certain respects made accelerated progress in the war years. The consequence of the return to peace-time conditions was an explosion of industrial renewal and economic development which produced, without exaggeration, a second industrial revolution. This proceeded at a much faster rate than the first, sweeping into its vortex distributive trade and agriculture which the first had left relatively unaffected. These changes coincided with the evolution of national social policy towards what became known as the "Welfare State", characterised by "full employment", combined with greater leisure, financial support for those prevented from working, a wider choice of educational opportunities for students of all ages, better housing, to name only a few of its features. Poverty, as it had once been known, seemed to be abolished under the reign of social security.

Objectives and Tasks of Co-operative Self-help

It seems obvious that, while the Co-operative Movement's purpose must always be to develop or contribute to an economic system which constantly promotes social betterment, its objectives and methods in relation to the foregoing two revolutions are bound to differ. The overwhelming need of the Third World is the satisfaction of its primary material and physical wants—food, housing, fuel and power, sanitation, medical care, means of communication—simultaneously with education. The Movement's

task is to help its peoples to develop the right types of Co-operative to supply these wants for themselves or to produce the export goods with which to pay for what they must import. On the other hand, the problem of the advanced nations is not to produce unlimited quantities or varieties of primary necessities but to adjust and regulate production so that it avoids waste and the squandering of scarce resources on the manufacture of trash, and raises the hygienic and aesthetic standards of consumption commodities, as well as to bring about greater equality in the distribution and enjoyment of both material and non-material wealth throughout society. The tasks of the Movement here are, first, to consolidate its structures so that it can hold and, where possible, extend its ground against competitive and cartellised capitalism in the market, displaying equal efficiency but providing superior social and humane services; second, on the basis of concrete achievement and example, to propagate the Co-operative Idea, not as a panacea, but as a unifying factor in society, enabling all kinds of people to recognise and act upon the necessity of solidarity and association in the modern world, if it is ever to be free from the menace of imminent destruction. Though the Movement must adapt its programmes to two different sets of circumstances, it is also obvious that the less-developed and the more advanced nations and their Co-operative Movements cannot in the long run prosper, unless they are prepared to work together and help each other on more or less equal terms which eliminate exploitation. That is the essence of the new international economic order, of which

statesmen are speaking nowadays and even expecting Co-operation to contribute to it by advocacy and example.

Three Requisites

In order to engage in these tasks with any hope of making a significant contribution, the International Co-operative Movement needs to maximise its command of three requisites: the power, the will and the knowledge and skill. Primarily a co-operative is a machine for generating economic power, demonstrated in its ability to bargain successfully on behalf of its members. Besides bargaining power, in either buying or selling or both, it acquires power by the accumulation of capital, either owned by its members or owned by itself as a body corporate. Success gives it power to recruit more adherents, to enlarge its capital resources, diversify its business and inspire imitation and emulation. Individual co-operatives of the same type band together in unions and the process of growth begins again on a higher level and may be repeated once more in tertiary unions of unions. But mere growth in size or numbers is no guarantee of power, unless the units are effectively integrated and capable of acting as one to resist pressure or overcome resistance or competition. Mere expansion may signify little unless complemented by integration. In the last twenty years the individual membership of the organisations affiliated to the ICA has trebled. This gain in numerical strength still leaves something to be desired in the shape of unity and adhesion—which is one reason why the Alliance is making a special study of the ways in which, and the purposes for which, Co-operatives should co-operate

at all levels. But the Alliance's power also depends upon the co-operative quality of its member organisations, which involves not simply their command of business techniques and ability to survive in a competitive world, but also their fidelity to Co-operation's essential principles and their ability to apply them consistently in practice. Another aspect of quality is the question of co-operatives' involvement with the State and other external bodies and how that affects their character as self-help organisations and their freedom and ability to adhere to the principles.

We thus arrive at the question of will. The acceptance of the ultimate and loftier claims of the Movement is a matter of conviction and faith and also clearness of vision. Fortunately, ten years ago the ICA Commission on Co-operative Principles made an invaluable contribution to clear thinking about the nature and aims of the Movement by outlining a model to which all associations claiming to be Co-operative should strive to conform. Granted that co-operatives anywhere take on, to a certain extent, the colour of their particular environment, be it inclined to individualism, statism or socialism, and of the times. Even so, co-operatives' character can be easily recognised by their practices and their fruits. In the end, those people or organisations in which there is no overriding will to co-operate cannot impart co-operative convictions to the outside world. For this reason the ICA has to be solicitous about the quality of its membership and resist any tendency to dilution which may result from mistaken kinds of involvement with governmental and political bodies or ideologies without real

affinities to or roots in co-operative doctrine. And it also bears the responsibility of pointing out to governments, even if the intergovernmental organisations would find it too embarrassing, where their treatment of co-operatives is advantageous neither to the Movement nor to themselves and their countries.

Finally, knowledge and skill, continually being refreshed and renewed, are necessary to give real dynamism and to keep the Movement on its proper course. The only process is the education and training of persons with the right character and talents for the right functions, for all decisions have to be taken, plans made, and actions performed by persons. The quality of indi-

viduals determines the character of organisations. In the two hundred years while Co-operative Self-help has been spreading over the world Western society has tried out free competition and rejected it, because its social results were inhuman and intolerable, to seek protection in more and more government regulation. After a century of bureaucratic expansion and complication, people are turning from that, as being no less unendurable in its own way. This leaves an opportunity for a third way, a third dimension, to commend itself—Co-operative Self-help, combining efficiency and democracy, liberty with security, equity with participation, education with responsibility, stability with progress.

* * * *

These reflections conclude by returning to the tonic chord on which they began: the harmony of the three kinds of help. Self-help, properly enlightened, leads naturally to Co-operative help. Co-operation, when successful, increases self-respect, encourages initiative and independence of mind, gives more incentive to self-help, as when the villagers of Fermathe in Haiti applied their shares of the profits from co-operative marketing to the improvement of their own dwellings. Government economic and social policy should allow adequate scope for both individual and mutual self-help, encouraging the development of new forms as old forms become obsolescent. Government should understand the nature of Co-operative

association and provide a flexible legislative and administrative armature that supports, without constricting, the observance of its principles and its growth according to its own methods of expansion and integration. The ideal relation is one of partnership with the Co-operatives in the more active, Government in the more passive, role, as in the German Co-operative Bank (*Deutsche Genossenschaftsbank*). Or there could be division of labour, as for example, with Government constructing a river barrage and generating stations and Co-operatives of users distributing the power, as in the famous Tennessee Valley and other schemes. But the scope is really limitless, given mutual understanding, the vision and the will to succeed.

The Social Purposes of a New World Economic Order

by

Francis Blanchard

Director-General of the International Labour Office

A loud and determined call has been issued for the establishment of a new international order based upon just and equitable relations between developed and developing states. The forces for change have been mounting for some time now, and the risks of strife are great unless substantial agreement about a new world economic order (NWEO) is soon realised. A NWEO is of the utmost social importance, and therefore of concern to the ILO, because it should help to provide the foundation for increasing productive employment, reducing income inequality and thus for eradicating mass poverty, the principal goals of the ILO's World Employment Programme.

This article begins by examining the forces working for a NWEO. It then traces the various stages of the international debate about its form and contents at successive meetings commencing with the Sixth Special Session of the General Assembly of the United Nations. It next considers the implications of the critical discussions taking place at these various international forums. The following section turns to what has to be the ultimate purpose of economic development, the achievement of minimum living standards for the poor. A

basic needs approach, the main proposal put before the ILO's 1976 World Employment Conference and to which international economic reform should make a major contribution, is presented. Both the NWEO and the basic needs approach are seen to be fully in accordance with the ideals of the ICA and the overall co-operative movement.

Forces Working for a New World Economic Order

The first and most important step towards a new world order was decolonisation: the liberation of "southern peoples" from political domination by "northern peoples". But it was soon realised that self-determination is not assured by political independence alone. Modern economic conditions are those of a world system of interdependencies in which almost every country's prosperity depends to a significant extent on the policies and prosperity of many other countries. For many years this system has enabled large increases to be made in the output and trade of many countries, both industrial and developing, although much larger in the former than in the latter. More recently, the system has shown serious weaknesses, particu-

larly in the monetary field and in the international propagation of the inflation and recession occurring in industrialised countries. The least developed countries, already plagued by serious food shortages, have suffered most. Yet in the course of the past three years, scarcely a country in the world has been left unaffected by the combined income and price effects that reverberated throughout the world economic system.

The main complaint of the developing world, however, has been that the existing system has perpetuated a situation in which a minority of rich countries in the north co-exists with a majority of poor countries in the south, without offering any clear prospect of reducing international inequality and global poverty. An economic and social system producing such results within any country would no doubt be considered inadequate and unjust.

One major force working for a NWEO stems from the belief that the existing world system is equally inadequate and unjust. The other major pressure for change arises from the discovery that, somewhat like workers who can go on strike against their employers, developing countries can put pressure upon the industrialised countries. The action of OPEC since 1973 has clearly illustrated this capacity. But it is by no means to be excluded that groups of "southern" countries producing materials and food-stuffs other than oil could not also successfully accomplish this type of joint action. Outside the economic realm, the increasing technological capability of a number of developing countries to produce weapons adds to the major shift in power relationships that is taking place in the world today. Thus,

together with and not independently from the Middle Eastern conflict and the racial issues in Southern Africa, the search for a NWEO has become one of the gravest issues facing the world and the UN system.

The spectacle of an initially weaker party rising to challenge the existing order of things, demanding its change, and gaining new powers to back up its demands is not new but, on the contrary, quite common. The social history of the industrial countries is most instructive in this regard. It shows the emergence of workers' protest, the growth of trade unions and their economic strength, more or less violent conflicts to which their growth gave rise at one period or another and, in a later phase, in most of these countries, a maturing of the new industrial relationships in collective bargaining and other orderly procedures for the settlement of divergencies of interest and disputes.

It is difficult not to see a parallel between this evolution within countries and the developments that are now taking place on a world scale. The developing countries have lodged their "protest" and, on a number of occasions, beginning with the first session of UNCTAD in 1964 and the subsequent establishment of the "Group of 77", formulated their demands for drastic change in the existing international economic system. Many endeavours have been made in this direction. Too often they have been marked by controversy and confrontation between the industrial and the developing countries rather than by mutually profitable negotiations. Yet it is of the utmost importance that such endeavours succeed. If not, and given the existence of other areas of tension

on the international political scene, it cannot be excluded that quite serious and dangerous international conflicts could occur, inflicting *incalculable* losses on all sides.

It is therefore encouraging that on more recent occasions, at the Seventh Special Session of the General Assembly and at the Fourth Conference of UNCTAD in Nairobi, and, most recently, at the ILO's World Employment Conference, a significant degree of agreement was reached, reflecting mutual recognition of the basic reality of global economic interdependence. Neither the various groups of industrial countries nor the different categories of developing countries can hope for prosperity for themselves, without business-like co-operation with the others.

Meanwhile, there should be no misunderstanding or disagreement on three points. The first is that, through its adoption of the UN Charter, the International Development Strategy and many other international agreements, the world is committed to the eradication of *mass poverty in the developing countries* as the ultimate aim of economic and social development. The second is that no significant progress can be made towards that end without a solid economic base in the poor countries and that this, in its turn, depends to a significant extent on improvements in the functioning of the world economy, for instance in international trade in raw materials and manufactures produced in these countries. The third point is that improved international economic relations and overall economic growth in themselves will not suffice for the eradication of mass poverty, but must be supplemented by deliberate national measures

of social policy—in developing countries to enable the poverty groups to increase their employment, productivity and standards of living, and in the industrial countries by a willingness to bring about adjustments to a world economic order which enables the poor countries to do all this.

An Evolving Debate on a New World Economic Order

Once the postwar economic order had shown its inherent structural weaknesses and the forces for major change had been unleashed, consideration turned to the establishment of a NWEO. While the old world order had been fashioned before most Third World nations were born, the developing countries now numbered well over 100.¹ They expected to participate as equal partners in the construction of a new international system that would not only take account of their rights, their needs and their aspirations, but would correct many of the inequities associated with the old world order.

Given the multiplicity of interests, it would have been surprising if such a system had obtained universal acceptance overnight. Instead there have been a series of conferences and projects addressed to a NWEO. These meetings have often been characterised by a hardening of positions and limited progress. Yet while change is proving to be slow, constructive discussion is increasing. From this debate some of the lines of a NWEO are beginning to emerge. A brief chronology of the major meetings held to date serves to highlight the principal elements of a NWEO,

¹The Group of 77 now consists of 111 members.

particularly as viewed by Third World countries.

The Sixth Special Session

The Sixth Special Session of the United Nations (April 1974) was the first large international event, following OPEC's dramatic action, to afford the developing countries an opportunity to present their vision of a NWEQ. It was convened at the request of the Group of 77 "to study for the first time" the problems of raw materials and development. It culminated in the adoption (without a formal vote, but with a number of industrial countries registering dissent) of a Declaration on the Establishment of a New International Economic Order and a relatively comprehensive Programme of Action intended to bring about the new order. Key provisions were designed to gain for the developing countries sovereignty over their resources, improved terms of trade and access to markets in developed countries, reform of the international monetary system and development financing, and greater access to appropriate technology.

The Charter of Economic Rights and Duties

The idea of drawing up a Charter of Economic Rights and Duties of States had its inception in 1972 at UNCTAD III. The final text of the Draft Charter, however, was not voted upon by the General Assembly until December 1974; it was adopted by a divided vote with six industrial countries opposed and ten abstaining. The Charter covered roughly the same fields of trade and development as the Programme of Action. However, it contained a highly contro-

versial provision pertaining to the nationalisation, expropriation or ownership transfer of foreign property, and it went a step further by attempting to codify suggested rights and duties governing the international economic relations between States and groups of States.

Second UNIDO Conference

The Second General Conference of UNIDO held in March 1975 also produced a Declaration and Plan of Action. The Lima Declaration on Industrial Development and Co-operation took special note of the developing countries' low percentage share in total world industrial production. It established as a target an increase in their world share to at least 25 per cent by the year 2000, compared with 7 per cent at present.

In "defining the means by which the international community as a whole might take action of a broad nature in the field of industrial development", the Lima Declaration and Plan of Action spelled out the forms that co-operation should take among developing countries as well as between developing and developed countries; it also detailed measures of national scope that should be emphasised in developing countries' industrialisation policies. The Declaration and Plan of Action as a whole was adopted with the United States voting against and seven other industrial countries abstaining.

The Seventh Special Session

The Seventh Special Session of the General Assembly (September 1975) was a logical outgrowth of the process set in motion by the Sixth Special Session. The Seventh Session, devoted

to the subject of Development and International Economic Co-operation, produced a text which this time was adopted unanimously by the General Assembly, though not without reservations on certain provisions. The significance of this Resolution was thus enhanced by the greater support which it received compared with the various earlier texts.

The areas comprising the Resolution,—international trade, transfer of real resources for financing the development, of developing countries and international monetary reforms, science and technology, industrialisation, food and agriculture and co-operation among developing countries—had been the subjects of earlier discussions and resolutions. What was of major importance was that this Resolution not only reflected for the first time high-level agreement on a comprehensive set of policy measures, but it made the United Nations system the central instrument for carrying out the will of the international community as a whole.

Paris Conference

Not all the discussion and work on a NWEO has been going on under the aegis of the United Nations. The Paris Conference on International Economic Co-operation brought together in December 1975 representatives of 19 developing countries and eight industrialised countries. As with earlier conferences the developing countries would not agree to meet to discuss only, or even primarily, problems of energy; nor would they allow themselves to be split into groups of oil-producing and non-oil-producing developing countries. Rather the Conference established com-

missions and work programmes in four areas: energy, raw materials, development and financial affairs. The work of the four commissions began in February 1976, after which meetings were held monthly in each area. Progress proved to be slow, as major differences remained to be negotiated, particularly on raw materials.

Unctad IV

By May, when UNCTAD IV met in Nairobi, proposals of an increasingly concrete nature were being put forward by both sides. A major Third World proposal was for an "integrated commodity programme" of simultaneously negotiated international agreements for ten basic commodities and for a common fund to finance a joint buffer stock for all of them. The purpose was to stabilise commodity prices within an agreed price range. After hard bargaining there was agreement on a resolution instructing the convening of a negotiating conference before March 1977 to discuss the establishment of a \$6 billion common fund to finance price-stabilising stockpiles for a number of basic commodities.

On another critical matter, after difficult negotiations on a proposal calling for the rescheduling or cancellation of most of the developing countries' debts to industrialised countries, it was agreed to work out a broad set of guidelines which then would be applied on a country-by-country or case-by-case basis. The Conference also agreed to discussions leading to the elaboration by mid-1977 of a code of conduct for the transfer of technology.

Implications of Efforts Towards a New World Economic Order

While it is still too early to foresee the outcome of this ongoing critical debate concerning the main elements and the final shape of a NWEO, certain implications of the process under way are more apparent.

First, industrialised and developing countries alike are now in general agreement that the postwar international system is in need of change. Moreover, it is increasingly recognised that the enormous differential between the world's rich and the world's poor is untenable and that a certain amount of structural change at the international level is a precondition for more equitable distribution of wealth and opportunity. While there is disagreement over how much change is necessary and just, and what means are acceptable and feasible, the process of change towards a NWEO appears to be, and should be regarded as, irreversible.

Secondly, substantial shifts in power and power relationships are occurring in the world. The world can no longer be viewed in bi-polar terms. Alliances between states are shifting constantly, and the number of countries with major power status is increasing. Moreover, as more and more nations acquire major weapons, and nuclear parity between the "superpowers" makes less likely the use of atomic weapons, other elements than simple military power acquire increasing significance. Industrial capacity has always been important, but so too are natural resources, population and national morale, the latter three being areas where changes are occurring in the Third World's relative position and

where power relationships and the exercise of power are changing.

Thirdly, to say that the process of change of the international system is irreversible and to point to transformations in the composition of power is not to minimise the potential for strife which still exists among the different interests and which risks becoming violent at any moment.

Fourthly, then, it will be helpful perhaps for the industrialised countries to proceed from the premise that a NWEO will make it possible to accelerate economic and social development which in turn will help create the conditions and enhance the possibilities for world peace and security. This would seem to imply that the initial changes which need to occur involve attitudes even more than structures. For instance, during the Cold War, both sides viewed development assistance and economic development as instruments of foreign policy to be used in their competition for influence. Now, in the present era, the potential for conflict is possibly even greater between North and South than between East and West. In this new political context, development might continue to be viewed as an instrument of foreign policy but not in relation to an ideological struggle, rather a struggle to eliminate poverty and to rectify injustices wherever they may exist. It is to be hoped that this new focus on development and new understanding of what is fair will enable the foundation to be laid for an even higher level of global peace and security.

Finally, proceeding from this line of reasoning, there is the implication that the ultimate purpose of a NWEO must be the eradication of mass poverty, and the fulfilment of basic human rights.

That is to say the emerging patterns of international economic relations should be oriented towards achieving social progress for the scores of millions of people who continue to live in conditions of deepest poverty, squalor and deprivation. It is to the blueprint of such a new order that this article now turns.

Towards a New World Economic and Social Order

Thus the establishment of a NWEO is necessary now. In laying the groundwork of a NWEO, however, it is important to keep in sharp perspective the ultimate and basic goals that are to be achieved. It helps to begin with an examination of the objectives and the process of development itself.

Growth, Development and the Ultimate Purpose of a New World Order

Well into the 1960s it was believed that economic growth, when coupled with a certain amount of structural reform and institutional modernisation, would bring development and general prosperity to the Third World as it had to the industrialised West. Although developing countries experienced wide variations in individual growth performance, their combined GDP was increasing by approximately 6 per cent a year between 1967 and 1973, rather faster than the older industrial countries managed at comparable stages of development. A number of countries, by pursuing high growth strategies, attained double-digit rates of increase in real output.

Over time, however, the failure of high growth strategies to markedly reduce poverty has brought into question

this conventional wisdom. Higher levels of employment and improved living standards for all have not automatically resulted from growth. It has been seen that the fruits of higher growth do not necessarily reach the impoverished masses. In the Third World, scores of millions suffer from malnutrition and are subject to the threat of starvation. Extremely large numbers of persons suffer from various debilitating diseases and lack access to the most basic medical services. Illiteracy is massive and growing. Nearly 300 million persons are unemployed or underemployed.

Central to an improved conception of development is the individual and the realisation of his welfare. A primary objective of development is not only to help the poor achieve a decent standard of living but in addition to create the economic, political and social conditions that will allow them and their children continuing equal access to opportunities for self-realisation. Such an approach to development is both dynamic and humanistic. It involves not only productivity and equity but the creation of conditions conducive to continuing improvements in both.² It implies that what we are striving for is not merely a new economic order, rather a new economic and social order geared to the needs of the individual in society.

This, indeed, is the concept underlying the International Development Strategy for the Second United Nations Development Decade. The Strategy proclaimed by the General Assembly in October 1970 stresses the interdepen-

²See Irma Adelman, "Development Economics—A Reassessment of Goals", *The American Economic Review*, Vol. LXV, No. 2, May 1975.

dence between the economic and social objectives and instruments of development. In 1975 the entire UN system embarked on a mid-term review and appraisal of progress and obstacles to date in realisation of the goals of the Strategy. It became evident that much greater determination to achieve the social as well as the economic aims of the Strategy is urgently required. These aims include more equitable distribution of income and wealth, substantial increases in employment and better nutrition and housing, especially for the low income groups of the population. The World Employment Conference is a specific contribution by the ILO towards a more effective approach for achieving these social objectives of economic development.

The ILO World Employment Conference and a Basic Needs Approach

A "World Employment Programme" of research, policy advice and technical assistance to many developing countries has been at the centre of ILO action for the past seven years. The experience gained has brought out the links between employment, poverty and income distribution in the developing countries, and their dependence on the policies of the industrial countries. The creation of more employment opportunities and more productive jobs has been shown to be an essential part of the attack on world poverty. Yet it is now also clear that an employment-oriented strategy by itself is not sufficient; employment issues are intimately connected with the wider issues of growth, poverty and inequality. In most cases, the actual possibility of increasing production, employment and low incomes in the poor

countries depends to a decisive extent on the trade, investment and aid policies of the industrial countries. In the longer run, this possibility is limited by the ability of the industrial countries to undertake forward-looking adjustments of their economic structure of a kind that should increase their own prosperity and resolve their own structural and employment problems, as well as permitting the poor countries to increase exports, employment and incomes. It is for these reasons that the search for a new world economic order is of such social importance: the problem of employment and social progress is a "one world problem".

Recognition of these inter-relationships, and the persistence or degradation of a grave social situation in the developing countries prompted the convocation, in June 1976, by the ILO, of a Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour. The Conference adopted by acclamation a Declaration of Principles and a Programme of Action, linked to the establishment of a new international economic order, and aimed at satisfying the basic needs of all people throughout this One World and at achieving full employment by the year 2000. Member States were called upon to set specific targets to progressively reduce unemployment and underemployment in the interim.

The Conference resulted in a global commitment to a basic-needs approach to development. A programme of action to guide international and national development efforts towards fulfilling the basic needs of all people was recognised as a complement to the Second Development

Decade Strategy, and it was recommended that policies required to meet basic needs form the core of the Third Development Decade Strategy. Member States were called upon to carry out a quantitative estimation of the basic needs of the lowest income groups of their populations and to prepare policies for implementing the basic-needs strategy. The ILO, in turn, was requested to prepare a report on national progress towards these ends to be considered by the International Labour Conference before the end of the decade.

The Conference also spelled out actions to be taken at national and international levels to limit the harmful effects of migration, to promote the choice of appropriate technologies in developing countries and to achieve full employment in developed countries.

Basic needs are the target minimum living standard which a society should set for its poorest members. Basic needs, although in large part a relative concept which will vary according to levels of development, climatic conditions and social and cultural values, imply fulfilment of certain target levels of satisfaction in poor countries. These include, first, minimum personal consumption requirements, especially of food, shelter and clothing. Second, they include access to essential community services such as safe drinking water, sanitation, public transport and health and educational facilities. Third, freely chosen employment enters into a basic-needs strategy both as a need in itself and as a means to realising other basic needs; there should be adequate gainful employment for all who need it. Finally, a basic-needs approach implies the satisfaction of needs of a more qualitative

nature: a healthy and satisfying environment, humane and safe working conditions, participation of people in making the decisions which affect them through organisations of their own choice and the fulfilment of basic rights.

The recently adopted basic-needs approach implies some broadening of the original scope of the World Employment Programme. It also has major implications in terms of the national and international measures needed to achieve minimum living standards. The following represents a synthesis of the main ingredients of this proposed new development approach.³

Growth together with redistribution is the aim. A basic-needs approach requires that there be some redistribution of productive resources and of income and some redirection of investment if underemployment, inequality and poverty are to be reduced. Redistributive measures must not imply a lower growth of output. Rather they place greater emphasis on patterns of growth leading to the alleviation of mass poverty.

The proposed new approach to development requires raising the volume and productivity of the employment, and hence the incomes, of the poverty groups whose basic needs are to be met. For this purpose, it calls for increased investment in the "traditional" agricultural and "informal" urban sectors and the removal of obstacles to their

³For a complete discussion see International Labour Office, *Employment, Growth and Basic Needs: a One-World Problem*, Report of the Director-General, Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour (Geneva, 1976).

development, especially by lessening inequalities of access to services aiding production, such as credit and technical advice, and to assets, such as land. Included here is agrarian reform. It also entails selecting technologies for developing countries which, in general, are labour-intensive, generate an appropriate product mix and, at the same time, are efficient.

Other requirements are reform of the price system to reflect the real costs of productive resources, the financing of basic services through progressive taxation, and the undertaking of labour-intensive rural public works. A basic-needs approach uses trade expansion, and other measures for improved international economic relations agreed upon at the Seventh Special Session, as instruments to create export opportunities and to meet import requirements without excessive or permanent dependence on foreign aid. It also calls for the setting up of institutions which facilitate popular participation in the development process through trade unions, co-operatives and similar organisations, in order to ensure a continuing national commitment to a basic-needs approach.

In most developing countries the type of strategy outlined here would require substantial increases in the domestic production of essential food and consumer goods. Thus a pattern of production which is efficient in meeting basic needs is likely to lead to increased integration of the national economy and to greater self-reliance. Yet while such an approach is characterised by a higher degree of self-reliance, the minimum basic needs of the poor will be met more quickly to the extent that the inter-

national environment is favourable and international assistance available.

As touched upon earlier, crucial international reforms which could support development are the subject of intense negotiations. These include: stabilisation of developing countries' earnings from primary product exports; expanded access for manufactured exports to industrialised countries' markets; transfer of additional resources to the developing countries; reform of the international monetary system, possibly linking aid to the expansion of special drawing rights; improved mechanisms for the transfer, adaptation and development of appropriate technologies; control of restrictive business practices adversely affecting developing countries' trade; improved world food policies; and economic co-operation among developing countries. While the scope, character and operational details of these various reforms remain to be negotiated and then universally accepted, it can only be re-emphasised that such changes at the international level are fundamental if basic-needs programmes are to succeed.

A number of the aforementioned reforms aim at a restructured world economy in which new trade flows reflect a more balanced distribution of world production, employment and incomes. This is a crucial issue because (1) it relates in a major way to the success of basic-needs programmes and (2) it has major implications for employment shifts and structures in both developed and developing countries.

A new structure of the world economy is important for the fulfilment of basic-needs targets in both the short and longer run. Labour-intensive manufac-

turing for export is likely to be stimulated in the short or medium term by the reoriented incentive systems which are an essential part of a basic-needs strategy. In the longer run the attainment of basic-needs targets will remain dependent upon the achievement of a more balanced distribution of world production and income, which in turn is dependent upon opportunities for specialisation and exchange in an expanding world economy.

The redeployment of industries ultimately is in the best interests of developed and developing countries alike. In developed countries, the transfer of labour and other resources from lower-productivity to higher-productivity activities can bring immediate gains to consumers and contribute over time to an even larger national product.⁴

Nevertheless, a new international economic order is likely to cause some initial job displacement in developed countries. Although the total magnitude of the employment reduction probably will be small, the number of jobs lost in particular communities could conceivably amount to more significant proportions of local labour forces. Therefore to facilitate the transition it is necessary to implement satisfactory adjustment measures for the workers, firms and communities most directly affected by trade liberalisation and redistribution of production opportunities.

This may require incentives for structural change and technological progress in readily adaptable sectors and in-

dustries, and financial aid or compensation and various forms of technical assistance for firms less able to adapt production to competitive lines. For the workers and families affected, the advantages of new world economic structures will seem remote at best, but its disadvantages to them personally very great. It is necessary that they be provided with resources to maintain an adequate income level. Relocation assistance will help when a change in geographical area is implied. Moreover, it is essential that workers benefit from active manpower policies to include retraining for more productive jobs and special vocational guidance. In developing and industrialised countries alike the individual and his needs must rest at the heart of efforts towards a new world order.

The Role of the Co-operative Movement in Establishing a New World Order

What is at stake is a new world order based upon more equitable economic relations between states and directed towards the fulfilment of basic needs, including fundamental human rights, for all, but especially for the poorest members of the developing societies. It is evident that such a new order cannot be realised unless there is great will and a high degree of co-operation at all levels from the international down to that of local communities. Yet co-operation itself has been described as "a social revolution of a fundamental nature. By co-operating men cease to exploit one another's needs and instead join hands to solve their common economic problems for their own social and economic betterment. It is a joint effort at self-help

⁴This is true as well in socialist countries where there exist an overall manpower shortage and concern about the low productivity in some sectors and the need to raise the quality of output.

which is of mutual benefit to the whole community . . . ”⁵

What is being sought, in other words, is a transfer of the ideals of the co-operative movement to the larger world community. One looks to the words of the ICA Principles Commission which in 1966 undertook to examine and to revise the old Rochdale Principles. One is struck by the applicability to the new world order we hope to construct, of the words of the ICA Commission when it declared in its report: “Co-operation at its best aims at something beyond promotion of the interests of the individual members who compose a co-operative at any time. Its object is rather to promote the progress and welfare of humanity.”⁶

The Commission went on to say: “The world will judge the success of Co-operation by its contribution to raising the level of human well-being as quickly as possible. Humanity at large is seeking, however blindly, for a major transformation from a system dominated by capital to one based on human dignity and equality.” The mission of the Co-operative Movement “is to teach the common people by demonstration how the principles which express their neighbourly and brotherly relations in their Co-operative can also inspire the mutual relations of the nations.”⁷ The report concluded by

saying: “Co-operators the world over should profoundly appreciate that the most important aim of the co-operative movement is the promotion of the social and economic rights of the people and that the pursuit and achievement of this high aim requires active and concerted efforts towards the realisation of world peace.”⁸

Yet the co-operative movement brings more than a set of ideals and principles to the quest for a new world order. Co-operatives themselves can be instrumental in its realisation. At its June 1966 General Conference, the ILO adopted Recommendation 127 Concerning the Role of Co-operatives in the Economic and Social Development of Developing Countries. The Recommendation clearly states that “the establishment and growth of co-operatives should be regarded as one of the important instruments for economic, social and cultural development as well as human advancement in developing countries. In particular, co-operatives should be established and developed as a means of improving the economic, social and cultural situation of persons of limited resources and opportunities as well as encouraging their spirit of initiative.”

On a more operational level then, co-operatives have a major role to play in the implementation of a basic-needs strategy. Popular participation by people in the decisions which affect their lives has already been noted as a basic need. Co-operatives are considered to be “popular institutions” because they are run by people to satisfy their own commonly felt needs. Co-operatives then offer one vehicle through which the people whose basic needs have to be

⁵P. E. Weeraman, *The Aims and Principles of Cooperatives and their Application in the Developing Countries* (New Delhi: International Cooperative Alliance, June 1975), page 57.

⁶International Co-operative Alliance, *Report of the ICA Commission on Co-operative Principles*, page 10.

⁷Ibid., page 35.

⁸Ibid.

met can participate in the determination of these needs. This is of special importance in the rural sector where suitable organisational forms are generally lacking. The ILO took cognisance of this institutional role for co-operatives ten years ago when, in the Annex to the 1966 Co-operatives Recommendation, it mentioned that co-operatives have a vital role to play in agrarian reform programmes. It was detailed how co-operatives could be used as a means of involving rural populations in planning and carrying out agrarian reform measures.

More broadly speaking, co-operatives represent an institutional means whose potential for improving the economic and social situation of the least advantaged needs to be more fully exploited. Co-operatives have demonstrated that they can help improve income distribution, increase employment opportunities and provide certain social services. The great need and challenge is for these development activities to be carried out in a manner that will increasingly benefit the poor.

There is a further role that the Co-operative Movement can perform which may be viewed as an important and logical extension of the fifth of the six Principles of Co-operation established by the ICA Principles Commission. Principle 5 declares that "All co-operative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of Co-operation, both economic and democratic."⁹ It has already been suggested that in working towards a

new world economic and social order and the associated adoption of basic-needs strategies, the initial and perhaps most fundamental changes to occur are in attitudes towards what is reasonable and just. There is the need to increase understanding and encourage broader acceptance of a new world order, in both the developing and the industrial countries. As demonstrated, the ideals of the co-operative movement are in harmony with the goals and global action programme being urged for the international community as a whole. Thus the members, officers and employees of co-operatives should have little difficulty in recognising the fairness of and the advantages to be realised through a new world order. What is of greater significance, however, is the special opportunity for co-operatives to contribute to the general public's education and understanding of the eventual gains to be realised from a new world order.

Co-operation has been referred to as a *sine qua non* for the social and economic betterment of people, especially those of the developing countries.¹⁰ The eradication of mass poverty is the ultimate aim of co-operation in this form. Moreover improvements in the poor countries require a restructuring of the world economic order and the practice of much higher levels of international co-operation. The alternative, viewed in terms of prolonged human suffering and misery and great risks of serious strife, is too grim to contemplate. For the ILO and the ICA this implies a great opportunity to actively contribute to, while seeking to gain much greater acceptance for, a new world order based on some of the very same human and social prin-

⁹International Co-operative Alliance, *op. cit.*, page 36.

¹⁰Weeraman, *op. cit.*, page 32.

ciples on which these two organisations themselves have been developed.

Concluding Remarks

Article 25 of the Universal Declaration of Human Rights proclaims: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

In the light of this statement, the current efforts at establishing a new world economic order must be welcomed and supported by us all, because they aim at providing in the developing countries means for the achievement of some of the highest objectives that mankind has set itself. In their turn, these objectives are a major step towards the full realisation of man's dignity and creativity, in the pursuit of his personal well-being as the individual sees this for himself, in peaceful association with like-minded persons, as against compulsion, oppression or exploitation by others. These are aspects of the political and civil human rights to which other parts of the Universal Declaration, and the ILO's Constitution, refer.

If a proper sense of purpose and direction is to be maintained, it is necessary to keep these ultimate non-material goals constantly in mind when

questions of a new world economic order are considered. Not only do they reflect the highest human ambitions, but their achievement calls as much for international action as do the targets of the international economic order. Protection against violation of human rights cannot be expected from the violating country itself. This is the rationale of the existing machinery in the United Nations, the ILO, and other bodies for the international protection of human rights. Unfortunately, the state of international action on these matters is rather less advanced than that on international economic reforms.

Nevertheless, the search for a new world economic order is inspired by considerations of equity and the right to self-determination for individual states which the international instruments on human rights express for the individual person. The one cannot really be justified without accepting the other. Advocates of one cause cannot, without inconsistency, fail to plead the other. Thus, we should be entitled to expect that progress towards a new international economic order will lend support to a less politicised search for an international human order while at the same time the international debate on human rights should strengthen the cause of a new world economic order.

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Co-operatives and Trade Unions

by

Hans-H. Münkner,

University of Marburg, Germany

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1 Introduction

The idea that trade unions and co-operatives as workers' organisations are integral parts of the labour movement, that they are two arms of one body,¹ two of three columns on which Socialism is built,² dates back to the 19th century. However, in actual fact in most countries trade unions and co-operatives established their own separate organisations and in the past close collaboration between the two movements has been the exception rather than the rule.

In recent years more and more attention has been paid to the role trade unions and co-operatives could play in the economic and social uplift of the masses in developing countries. Possibilities and problems of collaboration between trade unions and co-operatives were the subject matter of many international seminars and conferences organised during the past several years.

In 1966 an Asian seminar on "Trade Unionism and Co-operation" was conducted by the Friedrich-Ebert-Stiftung jointly with the Malaysian Trade Union

Congress. This was followed by a seminar on "Trade Unions and Co-operatives in the Development of Asia", organised jointly by the Friedrich-Ebert-Stiftung and the Afro-Asian Institute for Co-operative and Labour Studies, Tel Aviv, in Seoul, Korea, in 1970.³

In 1967 the ILO in collaboration with the Danish Board of Technical Co-operation held the first Inter-Regional Technical Meeting in Denmark⁴ to highlight the complementary role of trade unions and co-operatives and to examine their relationship and possible measures to promote greater co-operation between the two.

This meeting was followed by a series of regional seminars the first of which was conducted in Nairobi, Kenya in 1969,⁵ followed by Seminars in Singapore in 1970,⁶ Ankara, Turkey in March 1973⁷ and at the Kuru Kuru Co-operative College in the Cooperative Republic of Guyana in November/December 1973.⁸

In 1971 a Joint Committee for the Promotion of Co-operatives (COPAC)

was formed on the initiative of the ILO and FAO to serve as an informal agency linking UN agencies with non-governmental organisations to improve consultation and co-ordination in the field of co-operative development.⁹ The members of COPAC are FAO, ICA, IFAP, IFPAAW, ILO and the Social Development Division of the UN. Hence, an international trade union organisation (IFPAAW) and the International Co-operative Alliance have joined together in this agency.

Finally it should be mentioned here that the ICA at its 25th Congress in Warsaw, 1972, adopted a resolution on "Unified Action of Co-operative and Trade Union Movements" which was proposed by the ICA members from Eastern European countries and the USSR and which was agreed upon practically without discussion.¹⁰ This resolution reads as follows:

The 25th Congress of the International Co-operative Alliance:

"Considering that the social development of the world is at present undergoing fundamental social and economic changes and that this situation calls for unity of action by all anti-imperialist forces in the struggle for peace, democracy and social progress;

Recognises the important role of unity of action by the trade union and co-operative movements in this struggle;

Recalls that the co-operatives and the trade unions, created in the struggle of suppressed masses in defence of their social and economic rights against exploitation and capitalist monopolies are united by the unity of purpose, which opens wide possibilities for a

comprehensive collaboration between them;

Considers that the effectiveness of action of co-operatives will be greatly increased if they will work jointly with the trade unions and other organisations of working people;

Affirms that the joint and co-ordinated actions of co-operatives and trade unions, in each country, as well as on the regional and international levels, must be directed towards the struggle for a comprehensive improvement of standard of living of the broad masses of the working people, towards their active participation in economic and social life, towards the struggle against imperialism and colonialism and the large-scale assistance to the developing countries for peace and social progress;

Recommends all co-operative organisations and leading authorities of the ICA to manifest the spirit of collaboration and mutual help with trade union organisations and their central authorities; to widen and consolidate friendly and business relations with them on national, regional and international levels; and to use all ways and means to create an atmosphere of mutual trust between co-operatives and trade unions, which are conducive to co-ordinated decisions and the implementation of joint activities on the problem of the co-operative and trade union movements."

The general conclusion arrived at in all these conferences and seminars was that the trade union movement and the co-operative movement have similar goals, namely, to work for the overall progress of social and economic development of the masses and that both movements could be stronger and more

effective if they would work more closely together.

It was furthermore concluded that the co-operative movement and the trade union movement in developing countries would have to adjust their objects and activities—which are mainly conditioned by the concepts of industrialised countries—to the situation prevailing in developing countries. This would mean to adopt a new and widened approach to their objectives which are at present, in the case of co-operatives, to service their relatively well-to-do members and in the case of trade unions, to concentrate on collective bargaining in favour of a minority of workers. It was stressed that there is a need for the two movements to find an approach to the real poor, i.e. to the masses of the population.¹¹

In practice there is little organised collaboration between the two movements. On the contrary, in many countries trade unions and co-operatives tend to be institutionally divorced from each other.

There is a certain element of distrust between co-operatives and trade unions. The reasons for this may be among other things that trade unions are often politically aligned while co-operatives usually try to keep aloof from party politics, that trade unionists tend to think and to argue on the basis of a tripartite structure (government—employer—employee), an approach which is not common among co-operators, and that trade union activities are usually focussing on problems of wage-earners while co-operative societies also deal with other sections of the population and, therefore, cover a wider range of people and of interests.

Where trade unions started to establish their own new types of co-operative societies like in Singapore, a certain dualism developed between the “old” co-operative movement and the “new” societies which appeared to be more loyal to the trade unions than to other co-operatives.

Despite these practical difficulties there are several good reasons why trade unions should take interest in promoting co-operative action.¹²

- It is a means to increase membership and loyalty to the union by offering additional co-operative services to members.
- Trade unions could acquire knowledge in methods of production and in management of business permitting the unions to strengthen their stand *vis-à-vis* the employer.
- Trade unions could create additional employment and build up human and financial reserves to be used for the improvement of the situation of the working population.
- Trade unions could form a base of economic strength and acquire a powerful stake in the economy of the country which in turn would increase the political and social influence, status and power of the trade union.
- From such a position of strength the trade union could play a role in the planning and implementation of the overall development programmes of a country.

From the reports of the international seminars on joint trade union/co-operative action the general approach of the participants appears to have been to stress the similarities between trade unions and co-operatives and to em-

phasise that joint action between the two movements is necessary and desirable, without studying in too much detail the differences between co-operatives and trade unions and the question whether a collaboration between the trade union movement and the entire co-operative movement is possible, or whether such collaboration would have to be limited to certain types of co-operatives.

For a fruitful discussion of the relationship between trade unions and co-operatives it is imperative to start from a clear definition of those two forms of organisation and to bring out very clearly the similarities and differences between the two. This appears to be much more important than to emphasise only their similarities and to make general plans and suggestions for future collaboration between the two movements.

This procedure would allow us to determine more clearly the possibilities and limitations of joint trade union/co-operative action. It would also contribute to a better understanding of the reasons why in the past the collaboration between trade unions and co-operatives has been relatively weak and limited to certain sectors. By identifying areas in which from the theoretical point of view trade unions and co-operatives have common interests, a contribution to the development of new and fruitful joint co-operative/trade union activities could be made.

2 Definition of Terms

2.1 CO-OPERATIVE SOCIETY

For the purpose of this paper a co-operative society may be defined as an association of persons who have volun-

tarily joined together to achieve a common end through the formation of a democratically controlled organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate.¹³

According to this definition adopted by the International Labour Conference in 1966 the main characteristic features of a co-operative society as a form of organisation under private law are the following:¹⁴

- a group of persons linked together by at least one economic interest which all members have in common, with voluntary participation, free admission and withdrawal of members;
- the motive for establishing or joining the co-operative society is to improve one's own economic and social situation by means of self-help and mutual assistance in form of organised group action, based on the solidarity of all members;
- the means to achieve the objectives of the group is the establishment of a jointly owned and managed enterprise;
- the primary object of the co-operative enterprise is to promote the economic position of the members' enterprises or households.

In short a co-operative is characterised by

- its dual nature as a group of persons and an enterprise,
- its special purpose of member promotion, and
- its peculiar way of operating (voluntary membership without artificial restrictions, identity of members and

customers, democratic management and control, equitable distribution of the economic results of the joint action).

This definition is also used by labour leaders like Hesselbach¹⁵ with the only difference that the principal object of the co-operative enterprise is said to be the production of services and goods devoted to the welfare of the whole community and not to the members alone. This difference, however, is essential because it distinguishes co-operative self-help action from activities of non-profit enterprises working in the public interest or in the interest of a certain group of individuals who do not necessarily participate in organising and financing the economic activity but are merely customers or users.

The idea that co-operatives with the primary object of promoting the economic interest of members and non-members alike, or of the community as a whole, could work successfully is questioned by many leading representatives of the co-operative movement. However, co-operatives for the advancement of the workers in general or of the low income group of the population are propagated by many trade union leaders who want to promote joint trade union/co-operative action.

Since the aims and objects of an organisation determine its structure and functioning, this difference in objects and its effect on the entire concept of co-operation will have to be studied and discussed carefully.

Co-operative enterprises with the primary object of member advancement, and non-profit enterprises with the object of carrying out communal tasks,

have many features in common, but still the objects and the motive of members' participation are different.

2.2 TRADE UNIONS

If trade unions are defined by their tasks then at least two definitions could be given, one being valid in the communist and one in the non-communist countries.

According to Lenin's book "The task of the trade unions" (1921) trade unions have the task to improve production facilities and to abandon all policies which directly or indirectly hinder production.

In a scientifically managed industrial system of a communist country the role of the trade union is:

- to discipline the workers on the one hand and to be a quasi-public watchdog over managerial efficiency on the other, and
- to minimise production losses and to eliminate discrimination against particular workers, rather than to improve wages generally.¹⁶

In the Western industrialised countries trade unions are based on employer-employee antagonism. Trade unions were formed to strengthen the position of the workers in their struggle for better working conditions, decent treatment, more co-determination, a higher standard of living and the enhancement of their social status by way of collective bargaining.

Under this Western concept trade unions generally pursue a common policy of promoting the interest of their members by bringing pressure to bear on employers, governments and law-makers.¹⁷

These traditional goals of trade union activities are being re-defined in many countries and new objects are added concerning more general communal tasks such as:

- more emphasis on educational activities,
- activities to protect the environment,
- participation in central planning,
- promotion of various kinds of non-profit enterprises for the advancement of their members and the workers in general but also as an economical political power base for the trade union itself.

In this way trade unions are establishing themselves as social and economic institutions with corresponding rights and obligations.

For the purpose of this paper trade unions may be defined as a mass-organisation of persons who are workers, i.e. who are employed under some kind of work contract and who depend on an employer for their livelihood, offering their labour in return for wages or salaries.

In other words: employers, self-employed agricultural producers, craftsmen or retailers cannot, by definition, be trade union members.

Furthermore, trade unions can be characterised as voluntary organisations under private law with free admission to and withdrawal from membership, in which the leaders are democratically elected and controlled by the members.

Their principal object is the representation of the members' interests in negotiations with the employer or *vis-à-vis* other parties (e.g. the government, the parliament, political parties) and the public.

In trade unions the role of the member is usually limited to regular financial contributions (dues), the exercise of democratic control and group discipline, while—as a rule—there is no direct participation in joint economic activities neither as member nor as customer.

In the case of trade unions the question of whether they shall promote exclusively the interests of their members or the interests of the workers in general is a problem similar to that of co-operatives. For the workers who pay their union dues and who participate actively in the organisation it may be difficult to understand why other non-organised workers should benefit from their efforts. However, the power of trade unions depends directly on the number of organised or represented workers in relation to the number employed. Therefore, it is in the interest of all trade union members to speak for as many workers as possible. Furthermore, the labour law of many countries does not permit payment of different salaries or wages to persons doing similar jobs in the same enterprise, so that it becomes inevitable that non-members benefit from trade union action.

3 Comparison of Trade Unions and Co-operatives

After having defined the terms “co-operative” and “trade union” a comparison of the two forms of organisation can be made with the aim to bring out the similarities and the differences.

3.1 SIMILARITIES

3.1.1 *Origins*

Both the trade unions and the co-operative societies developed in emergency situations in Western Europe in the

early days of industrialisation when the economic and social conditions of small farmers, craftsmen and factory workers were extremely poor.

3.1.2 Goals

Both forms of organisation were established on the basis of self-help, mutual assistance and solidarity of the members with the object to improve the economic and social conditions of their members through the strength of organised group action. Both serve as a training ground for the development of initiative, responsibility and democratic operation.¹⁸

3.1.3 Organisational Structure

Both organisations are associations of persons under private law with open and voluntary membership. In both organisations the general meeting of members is the ultimate authority and—as a rule—every member has only one vote. Members exercise democratic control by electing and dismissing their leaders.

3.1.4 Solidarity on National and International Levels

Both trade unions and co-operative societies do not exist as isolated individual groups but have developed into movements.

Both are based on peculiar social and economic concepts which have mobilised leaders and followers all over the world. Trade unions as well as co-operatives usually form among themselves organisations at national and international levels. The basic principles of trade union work are laid down in the constitutions of the national and international trade union organisations such

as the International Confederation of Free Trade Unions (ICFTU) or the International Federation of Plantation, Agricultural and Allied Workers (IFPAAW).

Similarly many of the co-operative societies are affiliated through their regional and national organisations to the International Co-operative Alliance (ICA) and follow more or less closely the co-operative principles laid down from time to time by the governing body of the ICA.

3.2 DIFFERENCES

3.2.1 Primary Object of Group Action

The main object of trade union action has always been to raise the wages of workers and to fight for a general improvement of working conditions. Even though modern trade unions may assume additional tasks in social and economic development, collective bargaining for better wages and working conditions remains their primary concern.¹⁹

In general terms the main object of co-operative societies is to promote the economic interests of their members.

The concrete form in which this promotion of economic interests is brought about, varies according to the kind of economic need and to the type of co-operative society formed to cope with this need, e.g.:

- in the case of a consumers' society: to safeguard the purchasing power of the members' earnings, to guarantee food quality and correct weight of goods, etc.;
- in the case of a credit co-operative: to encourage thrift and to offer access to banking services;

—in the case of a supply and marketing co-operative: to strengthen the market position of small producers, to open up cheap supply lines and new markets;

—in the case of housing co-operatives: to safeguard decent housing at moderate rent, to enable low-income people to own a house, etc.

3.2.2 *Basis of Group Action*

Group action in trade unions is based on employer—employee antagonism.²⁰

This is not so in co-operative societies. The bases for co-operative group action are the common economic interests of the members, are their felt needs which they try to meet jointly by forming a co-operative society and by establishing a co-operative enterprise. Co-operatives may be formed by persons who are employers (e.g., agricultural producers, craftsmen, retailers) or employees (e.g. workers, civil servants) or by persons belonging to the two groups. Moreover, by forming a co-operative society the members as co-owners and co-directors of the co-operative enterprise become employers *vis-à-vis* the employees of the co-operative, even though the members themselves may be employees in their normal profession.

Depending on the economic needs of the members and the respective type of co-operative there are several antagonisms on which co-operative action is based:

- consumer—local retail trader;
- low income person—money lender;
- small producer—industrial manufacturer, retailer, wholesaler;
- tenant—landlord;

—employee—employer in the case of a workers' productive society.

3.2.3 *Approach*

The main approach of trade unions to achieve their objectives is collective bargaining (revendicative approach).²¹

The approach of co-operative societies is different. Members of co-operative societies try to achieve their objectives by direct economic activity, by setting up self-owned, self-financed and self-managed enterprises to serve the members' own economic interests.

3.2.4 *Organisational Structure*

The organisational structure of trade unions is that of an association of persons which—as a rule—is not engaged in trading or other commercial activities and which is registered under the Trade Union Act.

The organisational structure of co-operative societies is more complicated. A co-operative society is an organisation of a dual nature being at the same time an association of persons and an enterprise with the object to transact business for gain. Accordingly, the organisational structure of co-operative societies has to be such as to safeguard not only the proper functioning of the decision making process and control within the co-operative group but also to provide for the financing, management and audit of the co-operative enterprise. These safeguards are embodied in the Co-operative Societies Acts under which co-operatives are registered.

3.2.5 *Factors Determining Success*

Trade unions are mass-organisations. To be successful a trade union has to enrol the membership of as many

workers as possible. Its power depends to a large extent on its numerical strength in relation to the total of workers employed. Other decisive factors which determine the success of trade union action are discipline and loyalty of its members, able leadership and funds to safeguard the necessary degree of independence for the organisation.

For the success of co-operative societies the decisive factor is efficiency and continuity of the economic activities. Co-operative societies need not necessarily be mass-organisations. Numerical strength is a factor determining success only to a certain upper limit, depending on the type of society. For co-operatives the personal quality of members and office-bearers is of great importance. Able leadership is also necessary but not sufficient to bring about successful co-operative action. The members have to be loyal to the society in their double capacity as co-owners and customers of the co-operative enterprise.

3.2.6 *Attitude Towards Political Power*

For trade unions the use of political power is a legitimate and necessary means to achieve their objectives. Usually trade unions have close ties with a political party. The main activities of trade unions lie in the social and political field.²²

In the co-operative movement neutrality in party politics is a recognised mode of action. For a long time political neutrality was considered by the ICA to be one of the co-operative principles. In practice different types of co-operatives may show an inclination towards different political parties, without being

directly involved in party politics. The main interest of co-operative societies is in the economic and social field.²³

3.3 CONCLUSIONS DRAWN FROM THIS COMPARISON

From this comparison of trade unions and co-operative societies it has become obvious that the two movements have many features in common. Both are based on the same motivation which is to raise the economic and social well-being of their members. Both are democratically controlled organisations, led by officers elected by and from the members themselves and both are financed by contributions from members who share equal risks and benefits.²⁴ However, despite all similarities it cannot be concluded that the two movements are complementary or even identical and that they, therefore, should collaborate²⁵, without studying the differences between the trade union movement and the co-operative movement in some detail. Only a critical analysis of the differences between trade unions and co-operatives will give a clear picture of the possibilities and limitations of joint trade union/co-operative action.

3.3.1 *Only Part of the Co-operative Movement can be Referred to as Organised Labour*

The co-operative movement can be subdivided into two categories of co-operatives, namely into what may be called in French *coopératives professionnelles* and *coopération sociale*.²⁶

Coopératives professionnelles (profession-based co-operatives) are all those co-operatives where the condition for admission to membership is the exercise

of a certain profession and in most cases the ownership of a small private enterprise (workshop, retail outlet or farm). The special case of workers' productive societies, where membership may also be restricted to members/workers belonging to a certain profession will be dealt with later in this article. These co-operatives of independent producers (farmers, craftsmen, entrepreneurs in small scale industry or traders) are typically co-operatives of employers. Supply and marketing co-operatives in the agricultural and handicraft sectors play an important role in the economy of many developing countries. Whereas co-operatives of retail traders are powerful organisations for instance in Germany, in most developing countries they do not yet exist or are even forbidden under the co-operative law (e.g. in Zambia), as a result of a philosophy that there should only be co-operatives of producers and consumers.

These co-operatives of employers have little or no interest in common with trade unions as far as their primary objects are concerned. Members of these co-operative societies—as a rule—do not belong to the trade union movement and may not be inclined to support trade union activities.

Co-operative societies which may be classified under the heading *coopération sociale* are those co-operatives in which every citizen can be a member irrespective of his profession or status as employer or employee. This category of co-operatives comprises consumers' co-operatives, housing co-operatives, thrift and loan co-operatives and co-operatives catering for social services such as insurance, medicare, etc.

In these co-operatives where almost

everyone qualifies for membership, workers and employers can be members side by side in their capacity as consumers, tenants, applicants for loans or depositors of savings.

The formation of such co-operatives can be promoted by trade unions for the benefit of trade union members or workers in general with the aim to increase the effective purchasing power of wage-earners, to provide better housing facilities, to encourage thrift and to give access to loans.

In such co-operatives, trade union membership could be used as group link besides the economic interest which all members of the co-operative should have in common and thus strong co-operative groups based on trade union discipline could be formed. Also the check-off system could be used for collection of regular savings, insurance premiums, rent or other regular contributions from trade union members to the trade union sponsored co-operative.

Hence, trade unions and co-operatives of this category may have the same persons as members and the interests of these co-operatives and the trade unions may be identical, whereas this is not so in the case of co-operatives of independent producers and traders, the members of which do not belong to the labour movement and which look at the trade unions mainly from the employer's point of view.

3.3.2 *Co-operative Societies are Employers*

Members of co-operative societies including workers or employees become shareholders, co-owners and co-directors of their co-operative enterprise

and even though their rights in this respect may be very limited and may be exercised mainly by elected officers or employed management on their behalf, the co-operators jointly become employers *vis-à-vis* the personnel employed by the co-operative enterprise and exercise ultimate control over these employees in general meetings of members.

Therefore, in the relationship between trade unions and co-operative societies employer-employee antagonism does exist just as in any other enterprise and may create tension between the trade union movement and the co-operative movement, especially in co-operatives in which the majority of members are themselves employers.²⁸

Apart from wages and conditions of work the key issue in this respect is workers' co-determination, workers' participation on co-operative societies' boards or committees. This issue has been discussed for a long time in the Western European countries, especially in Germany, and various models have been developed on how to solve this problem.

It is impossible to deal with the very complex problems of workers' participation in the management of co-operative enterprises in the context of this paper. Yet, some important points may be raised which could be taken up again in the discussion:

—Workers' participation is more difficult to introduce in co-operatives of independent producers and traders (*coopératives professionnelles*) than in co-operatives where the employees of the co-operative enterprise would also qualify for membership and would

also participate in their capacity as members in the decision making process within the co-operative society.

—Where employees who are at the same time members sit on the boards of co-operative societies they are facing a peculiar situation of conflict of interests. On the one hand they represent the interest of the members, who—except for the case of workers' productive societies—are in their majority not employed by the co-operative enterprise, and whose interest is to obtain maximum benefit from the co-operative enterprise; high wages, investment for improvement of working conditions, etc. would increase costs and reduce income of the co-operative enterprise.

On the other hand they represent the interest of the workers and would have to fight for higher wages and better working conditions even though this normally would mean increase of expenditure and reduction of surplus in the co-operative enterprise.

—Where workers do not qualify for membership, this conflict of interest of the workers' representatives on a co-operative societies board would not exist. In this case another problem arises, namely, that—as a rule—in co-operative societies as self-help organisations only members are eligible to serve on the board so that the presence of non-members who are not elected by and answerable to the general meeting of members as the governing body of the co-operative society, would be in conflict with the principles of identity, self-management and democratic control. It

could be argued that trade union members elected or appointed to serve on the board of co-operative societies as representatives of the workers are themselves democratically controlled. However, they are not controlled by the members of the co-operative society who have no power to elect or dismiss them.

Despite these problems, where workers' participation is provided under the labour law for enterprises employing personnel above a certain minimum number, this law would also apply to co-operative enterprises, unless they were expressly exempted.

3.3.3 *The Special Case of Workers' Productive Co-operatives*²⁹

A workers' productive co-operative is a society in which workers organise themselves in a group in order to build up or maintain as their own responsibility an enterprise in which they work.

In this type of co-operative society the functions of capital, labour and management are integrated and exercised by the same group of persons. A member of such co-operative society is at the same time co-partner (shareholder), co-director and worker.

Experience has proved that this is the most difficult type of co-operative society to organise and to run, the main reasons for this being the following:

—In a workers' productive co-operative a member is involved on two levels. On the one hand, as a member of the co-operative group he enjoys equal rights with his fellow members. The basic structure of the co-operative group is egalitarian and democratic. On the other hand as a worker in the

co-operative enterprise the member has his place in a hierarchic structure in which different positions are allotted to the members according to their skills and where some give orders and others have to execute these orders.

This dual structure of egalitarian group and hierarchic enterprise, in which the member in his triple function as co-owner, co-director and employee has to work is the source of many problems.

—In a workers' productive society a fair and just system of remuneration of the workers/members is difficult to find because on the one hand, as in every enterprise, there are different jobs, requiring different qualifications and involving different degrees of responsibility. This would justify and even require a system of remuneration under which different salaries are paid to the workers/members according to skills and performance or according to the post they hold in the enterprise.

On the other hand the remuneration of the workers/members will be discussed and decided in general meeting where each member has one vote and where the majority may be reluctant to pay the minority who hold the key technical or managerial posts a salary which corresponds to their qualification and responsibility. This may lead to conflicts between the management of the co-operative society and the members.

There are several other problems which should be mentioned here:

—In the formative stage a workers' productive society usually has to start without sufficient capital and man-

agerial skills. The workers become entrepreneurs and may find it difficult to accept risks, to assume responsibility and to change their attitude from employee to co-employer. They lose the assurance of regular wages from an employer and instead have to make financial contribution to the co-operative enterprise which may mean that the members have to work harder and to earn less, with less social security than if they were employees.

- A newly formed workers' productive co-operative may lack flexibility with regard to fluctuations in demand. There are also limits to rationalisation and introduction of new techniques because of the difficulty to lay off members/workers. This may reduce the capacity to compete with private commercial enterprises which do not face such problems.
- A workers' productive co-operative may have to employ hired workers. In this case the relation between members and hired workers could be a source of conflict.

Despite all these problems which make workers' productive societies a type of co-operative which is most difficult to organise, there are several practical examples which prove that this can be done, provided that there is:

- an economic need for the co-operative, primarily a need to provide employment for its members on better terms and conditions than previously enjoyed by them (this need should be determined by conducting a socio-economic survey);
- careful selection of members in respect of skills, quality and character

(if necessary a trial period should be provided under the by-laws to avoid admission of unsuitable candidates);

- an efficient and competent management with clearly defined powers and responsibilities;
- a fair distribution of work among members and a continuous training programme so that each member has a chance to improve his skills;
- a system of remuneration of work according to skill and performance, offering incentives for promotion;
- provision for the acceptance of hired workers as members;
- and
- adequate support by secondary societies or other organisations with regard to supply, marketing, credit, training, auditing and supervision.

Workers' productive co-operatives in their various forms;

- labour contracting societies (which obtain work for their members on contract basis),
- industrial and manufacturing societies (mainly in the light industries sector) or
- societies engaged in the service trades (e.g. transport, catering, electrical repairs, installations, etc.)

are looked at by many trade union and co-operative leaders as the ideal solution to overcome employer-employee antagonism. However by organising workers in co-operative enterprises, the employer-employee antagonism may return on a different level when the members of the co-operative enterprise employ hired workers and enjoy privileges as shareholders and co-directors.

This phenomenon can be observed in many workers' productive societies.

4 Areas for Joint Co-operative/ Trade Union Action³⁰

Trade unions and co-operatives can build their collaboration on their common base as voluntary self-help organisations of workers and on their common object which is to promote the economic and social interest of low income groups of the population. Where this common base does not exist, i.e. in the case of co-operatives of independent producers, craftsmen and traders, the areas for joint action with trade unions are rather limited.

4.1 JOINT PROGRAMMES OF EDUCATION AND TRAINING

Both the trade unions and the co-operatives have established their own education programmes and training institutions. By including information on trade unionism and co-operation respectively in the syllabi of these training institutions or by forming jointly-owned institutes for co-operative and labour studies, the groundwork could be laid for closer collaboration between the two movements. The aim of joint education and training programmes would be to acquaint the present and future co-operative and trade union leaders with the possibilities and problems of joint co-operative/trade union action and to establish personal contacts and mutual understanding between them.³¹

4.2 FINANCIAL COLLABORATION

Trade unions raise the funds required for their operations in the form of monthly dues paid by their members. As a rule, trade union dues are deducted

at source by the employer and paid directly to the trade union (check-off system). This guarantees the trade unions a secure and regular source of income. The investment of trade union funds is often subject to limitations under the relevant Trade Union Acts which may disallow investment of funds for other than strictly trade union activities. Where the law would authorise trade unions to invest their funds in shares of certain enterprises, trade union money could be used to finance co-operative societies either by promoting the formation of new societies or by taking over shares of existing co-operatives.

There may be several reasons for trade unions to invest their funds in co-operative societies.

One motive certainly is the desire to contribute to the social and economic development of the workers; to avoid exploitation and indebtedness of their members by sponsoring consumers' co-operatives, housing co-operatives, thrift and loan societies, insurance co-operatives and others.

Another reason is to find a good investment for trade union funds which on the one hand should be used to earn additional income for the trade unions³² to increase their power base thus strengthening their position in collective bargaining and on the political scene, while on the other hand should not be used for ordinary commercial profit making by investing them in company shares.

Where trade unions form their own co-operatives and finance them directly with union funds it is necessary to have the management and finances of the co-operative society clearly separated

from the trade union. To avoid confusion of powers and responsibilities trade union sponsored co-operatives should be independent, duly registered and should have a separate organisational and financial set-up under cooperative law.³³ Co-ordination of activities of the trade union and the co-operative could be brought about by representation of the financing trade union as an institutional member in the general meeting and on the board of the co-operative society or by forming joint committees.

Direct financial participation of trade unions in primary co-operative societies brings up the difficult issue of voting power of institutional members and their representation on the board or committee of management.

In Singapore for instance the NTUC as founder member and institutional member of the insurance co-operative society INCOME holds 10,000 shares and an equal number of votes whereas ordinary members only hold one share and one vote. The management of the affairs of INCOME is vested in a board of directors, the majority of whom are appointed by the founder member and by life trustees who themselves hold the key powers in the co-operative society and are answerable to the NTUC.

This peculiar financial participation and organisational structure of the NTUC co-operatives in Singapore resembles more that of a trade union-owned, non-profit company than that of a co-operative. In effect, these organisations had to be exempted from several important sections of the Co-operative Societies Act of Singapore before they could be registered as co-operative societies.

To avoid such problems the Danish labour movement established a "Workers' Co-operative Financing Fund" as a means to secure sound investment of trade union money in co-operative societies and to act as a central institution for planning and development of the co-operative movement. The advantages of this solution are the following:³⁴

- The more narrow trade union interests are separated from the broader economic interest of the co-operatives;
- the risks from losses are reduced by creating a trust fund paid up by trade unions and co-operatives to meet first losses;
- generally the risks are reduced by diversification of investments in different branches and co-operatives;
- experts are used to investigate and advise on suggested investments.

In developing countries the establishment of such a fund could be useful to promote co-operative activities and to provide non-agricultural employment in rural areas. Still another form of investment of trade union funds in co-operatives would be the direct participation in central co-operative institutions at national level. Such bodies could be organised in the form of a joint stock company in which both the trade unions and the co-operative societies hold shares (e.g. the Co-op. Zentrale AG in Frankfurt, Germany).

Last but not least trade union funds could be used to guarantee loans extended by outside sources to co-operatives or by co-operatives to trade union members.

4.3 JOINT TRADE UNION/CO-OPERATIVE ACTION IN COLLECTIVE BARGAINING

This refers to what Yair Levi calls "The double aspect of complementarity of union created co-operatives: with regard to the activities of the co-operative movement and to the classic claiming function of trade unions."³⁵

Trade unions could include demands for co-operative services to their members in the bargaining negotiations, e.g. group insurance with a trade union/co-operative insurance society like INCOME in Singapore, assistance by the employer to establish consumers' co-operatives, thrift and loan societies or co-operative canteens at plant level, introduction of the check-off system for regular savings or insurance premiums.

4.4 JOINT TRADE UNION/CO-OPERATIVE ACTION AT NATIONAL LEVEL³⁶

Trade Unions and Co-operatives could form an organisation at national level which would have the task to represent the two movements in areas of common interest *vis-à-vis* the government, the law-makers and the public.

Depending on the relations between trade unions and co-operatives in a given country this body could be established in the form of an *ad hoc* committee of the two separate organisations to act as a pressure group with the aim to influence certain government decisions. It could also be a permanent secretariat or a national centre to which the two movements are affiliated with the object to advise government on trade union and co-operative matters, to study proposed new legislation or development plans, to organise joint seminars or conferences and to serve as joint con-

sultative machinery and joint research and survey unit.

If co-operatives and trade unions would join forces to build-up self-help organisations within the framework of the overall development programmes, such joint action could induce governments to acknowledge more than hitherto the positive role of trade unions and co-operatives in the economic development of the country and would make it easier for both movements to get their voice heard by governments.

5 Areas where the Interests of Trade Unions and Co-operatives are Opposed

5.1 CO-OPERATIVES OF INDEPENDENT PRODUCERS, CRAFTSMEN AND TRADERS

As already mentioned earlier the idea that the trade union movement and the co-operative movement are similar and complementary and should, therefore, work together, does not take account of the fact that a large and powerful part of the co-operative movement represents the interests of independent producers, craftsmen and traders in their capacity as owners of farms, workshops, small manufacturing industries and retail shops, who are employers. Accordingly the co-operatives formed by these persons (supply and marketing co-operatives, credit co-operatives, co-operatives for all kind of services) cannot be classified as being part of the labour movement, but are rather representing the middle-class entrepreneur.³⁷

These co-operatives were formed to defend the independent economic existence of small and medium sized enterprises against competition by inter-

national business groups, department stores, plantations or large-scale industry.

These co-operatives have little or no interest in common with the trade unions and some degree of collaboration can only be envisaged at national level through co-operative apex organisations to which all types of co-operatives are affiliated, including consumers', housing, thrift and loan societies which usually have closer links with the trade union movement.

On the other hand, the co-operatives of the independent middle-class entrepreneurs may be very influential in national co-operative apex organisations and may vote against close collaboration with trade unions and trade union sponsored co-operative enterprises.

Here again more information on the objects, forms and advantages of collaboration between co-operatives and trade unions will be required to create trust and mutual understanding.

5.2 COLLECTIVE BARGAINING WITH CO-OPERATIVE ENTERPRISES IN THEIR CAPACITY AS EMPLOYERS³⁸

Where co-operative societies are growing in size and volume of business the position of the co-operative enterprise as employer is becoming more and more important and may influence the attitude of co-operatives *vis-à-vis* trade unions.

On the one hand the co-operative enterprise as any other business undertaking has to work at minimum cost and will tend to keep expenditure on wages, safety protection and social services for employees as low as possible.

On the other hand, especially in co-

operatives close to the labour movement it has always been stressed that personnel in co-operative enterprises should be afforded conditions similar or better than those in the private sector.

In industrialised countries like Germany the employees working in co-operative enterprises have similar working conditions to employees in comparable private firms. Many employees of co-operatives are members of trade unions and the consumers' co-operatives even insist that newly recruited staff become trade union members.

In consumers' co-operatives where trade unions are shareholders and institutional members the situation may occur where trade union representatives elected to serve on the board of the co-operative society will have to negotiate on behalf of the shareholders/members/employers with representatives of a different trade union acting on behalf of the employed staff.

In most developing countries only a minority of co-operative employees are organised in trade unions and the working conditions, especially in small co-operatives of agricultural producers are very poor.

Because of the negative effects of inadequate working conditions in co-operative enterprises and because the co-operative employees were not in a position to represent their own interest the law-makers in Tanzania and Sri Lanka introduced special legislation to deal with this problem.

In Tanzania the Unified Co-operative Service Act³⁹ was promulgated in 1968 setting up a Unified Co-operative Service Commission composed of representatives of the government and of the co-operative movement to regulate

the conditions of employment, minimum qualifications for recruitment, transfer and promotion of employees of secondary co-operative societies.

Four years later in 1972 a similar law was enacted in Sri Lanka establishing the Co-operative Employees Commission⁴⁰, a government commission which has the function to determine the conditions of employment for all employees of co-operative societies, so that the trade unions are no longer able to organise co-operative employees or to improve the working conditions by way of collective bargaining with the employers. They can only try to influence the decisions of the two commissions.

6 Problems for Discussion

In this paper an attempt was made to describe the similarities and differences of co-operatives and trade unions and to discuss possibilities and limitations for joint action of the two movements.

The differences between trade unions and co-operatives and problems of their collaboration were purposely stressed because it is felt that only a critical approach can bring about the desired result which is to identify areas in which the two potentially powerful self-help movements can join forces in order to improve the economic and social situation of the working people.

The following questions are suggested for further discussion:

- 1 Can co-operative societies widen their approach and promote the economic interests not only of their members but also of the low income group in general?
- 2 Can the real poor improve their economic and social situation by forming co-operatives?
- 3 How can trade unions become more effective in the rural areas in organising co-operative activities which will bring more employment and income to rural people?⁴¹
- 4 How can trade unions influence co-operative development in rural areas in a way that a new privileged class does not emerge but benefits of economic and social development are widely shared?⁴²
- 5 What should be the position of a trade union as an institutional member in a trade union sponsored co-operative society?
- 6 How could workers' participation be practised in co-operative enterprise?
- 7 What action should be taken by trade unions to improve career structures and personnel policies relating to employment in co-operative societies?⁴³

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A progress report of the international assistance programmes of CLUSA in 1976.

CO-OPERATIVE UNION OF CANADA: Brief to the Bryce Commission on Concentration of Corporate Power in Canada

Ottawa (Canada), CUC, 1976. 28 pp. (mimeo).

A paper presented to the Canadian Government in order to explain the separate nature of co-operatives, through their history, principles and business operations.

DESROCHE, Henri: Le projet coopératif: Son utopie et sa pratique, ses appareils et ses réseaux, ses espérances et ses déconvenues

Paris (France), Les Editions Ouvrières, 1976. 461 pp; diagr; tabs; bibliogr. Price: 90 FFr.

The sub title to this book ("Its Utopia and practice, its apparatus and networks, its hopes and setbacks") broadly describes its scope. It is a summary by an eminent French thinker of the inter-co-operative and international history, current position and future of the Movement. A review by Prof. Georges Lasserre will appear in a forthcoming issue of this journal.

HESSELBACH, Walter: Public, Trade Union and Co-operative Enterprise in Germany—The Commonweal Idea

London (UK), Frank Cass, 1976. 158 pp; index; bibliogr. Price: £5.50.

Origins and current functions of "commonweal" enterprises in the Federal Republic of Germany: these enterprises now embrace consumer co-operatives, insurance, housing associations and the *Bank für Gemeinwirtschaft*. The author is the Chairman of the Bank. *Reviewed in this issue.*

INTERNATIONAL CO-OPERATIVE ALLIANCE REGIONAL OFFICE FOR S.E. ASIA: Consumer Co-operation in South-East Asia

New Delhi (India), ICA R.O., 1976. 226 pp; tabs: Price: \$3.00.

Conference papers for a conference held in 1974 to discuss consumer co-operatives in S.E. Asia, together with the resolution adopted. Main subjects: (1) the role of co-operatives in consumer protection; (2) structure of co-operatives at retail level; (3) production, imports and wholesaling for consumer co-operatives.

W
KRISHNASWAMI, O. R.: Co-operative Democracy in Action. An empirical study of democratic control and management in agricultural co-operative credit structure in a State in India

Reviewed in full in No. 5, 1976, of this journal.

MILLETTE, Marc: Les marchés d'exportation et les coopératives du Québec (Export markets and the Quebec co-operatives)

Sherbrooke (Canada), Chaire de Coopération de l'Université, 1976. 190 pp; tabs; graphs.

A study of the export markets and their potential for the various parts of the co-operative sector in Quebec.

ea
PROMOV, Ivan: Bulgarian Agriculture Today

Sofia (Bulgaria), Sofia Press, 1976. 107 pp.

Bulgaria's experiences in socialist reconstruction without land nationalisation; the setting up of co-operative instead of private farms, the merger of co-operative farms, and the setting up of agro-industrial complexes are described.

ROSENBROCK, E.: Der deutsche Raiffeisenverband in der Wirtschafts- und Agrarpolitik 1945-1971. (The German Raiffeisen Organisation in economic and agrarian policy)

Wiesbaden (Fed. Rep. of Germany), Deutscher Genossenschaftsverlag, 1976. 559pp; tabs; graphs.

A history of the commercial and agricultural policies of the Raiffeisen movement in the Federal Republic of Germany from the end of the war to the merger with the Schulze-Delitzsch movement in 1971.

ed
ROY, Ewell Paul: Co-operatives: Development, Principles and Management
Danville, Ill. (USA), Interstate 1976 (3rd Edition). 611 pp; index; bibliogr; graphs; diags; illus.

First published in 1964, the 3rd Edition has been extensively revised. A standard US College textbook dealing largely with US co-operatives, it includes theory, history and principles, and large sections on management.

S
SCHIFFLERS, Joseph: Un itineraire de l'idéal coopératif aux réalisations coopératives. Application aux milieux ruraux africains. (The Path from the Co-operative Ideal to Co-operative Achievements—application to rural Africa)

Sherbrooke (Canada), Centre d'Etudes en Economie Coopérative, 1976. 48 pp.

A refresher course on co-operative doctrine for leaders.

STOLPE, Herman: Konsument- och producentkooperation: tillhör de samma rörelse? (Consumer and Producer Co-operatives: do they belong to the same Movement?)

Stockholm (Sweden), Rabén & Sjögren, 1976. 197 pp; bibliogr; tabs.

An evaluation of relations between consumer and agricultural co-operatives in Sweden.

UNITED NATIONS DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS: Non-Profit Housing Associations: Organization, Financing and Structural Integration (ESA/OTC/SEM/75/2)

New York, UN, 1975. 195 pp.

The papers of a seminar on housing through co-operatives and other non-profit associations, held in 1973; includes surveys of such housing by continent, and chapters on methods, functions and education.

VAN DOOREN, P. J.: The Co-operative Approach in Implementing Land Reform Programmes (with special reference to the Tunisian and Egyptian experiences)

State University of Ghent (Netherlands), 1976. 27 pp; bibliogr. (mimeo).

Paper delivered at colloquium "Co-operation as an Instrument for Rural Development", Ghent 21-24 September 1976, comparing two Tunisian and the Egyptian land reform programmes and the results of the co-operatives; the programmes were all based on different conceptions of terms of holdings, scale of operation, pattern of cultivation and role of co-operatives.

YEO, Peter: An Initial Course in Tropical Agriculture for the Staff of Co-operatives

London (UK), Intermediate Technology Publications Ltd., 1976. 54 pp.

Book Reviews

L'Homme Consommateur, Victime ou Complice? (Man the Consumer—Victim or Accomplice?), by Jean Boniface. *Société Coopérative d'Information et d'Édition Mutualiste, Paris 1976. Series "Balises vers Demain". With chapter bibliographies and index of proper names. 342 pp.*

Like the heart of the poet Wordsworth, as he beheld a rainbow, the heart of this reviewer leapt up on reading the first sentence of the introduction to this book. It reads: "L'homme consommateur n'existe pas". ("Man the Consumer does not exist".) By that the author means, not that consumers are inhuman, but that the term "consumer", like so many others in common use such as, for example, "the producer", is an abstraction, a mere two-dimensional aspect of a solid entity which has many facets. From the classical economists of the 19th century to the writers on consumerism of the 20th, there has been a strong tendency to discuss economic problems in terms of "economic" men, whose sole aim is economic advantage and who are single-minded in pursuing it. Much current literature, whether aimed at persuading consumers that they never had it so good or that they should exert themselves and induce government to defend their interests, is based on similar abstract assumptions, often unconscious. The resultant conclusions or proposals are not so often confirmed, as they should be, by relating them to the reality from which the abstractions were originally drawn.

Jean Boniface's book is not an exercise in that sort of consumerism. It is much more worth the serious attention of Co-operators, because he attempts, more successfully than most other writers of his generation, to examine all the dimensions of the consumer's personality and because, in doing so, he lays bare the

basis of a philosophy for Consumers' Co-operation which it palpably lacks in its present struggle to hold its ground in the turmoil of the distributive revolution.

Boniface has written, it goes without saying, primarily for his fellow-citizens of France. His sources of information and ideas, his examples and illustrations, are mostly French. Nevertheless, in collecting his material, he has cast his net widely in both space and time. He has omitted very little of relevance that has been the subject of discussion in the Western World in recent years. The phenomena of "the consumers' society" are no longer confined to one continent or two. Their discussion has given rise to a vocabulary that has infiltrated every language of more than national importance. Any Co-operator with a working knowledge of French can read this book with not only profit but enjoyment.

Boniface's starting point is consumers as an economic phenomenon, together with the economists' account of it, for what that is worth. Their account resembles a diagram more than a picture. Their attention is concentrated chiefly on measurable data, that is to say, statistics of the national economy and its performance, regularly collected and published by government, and other measurable material resulting from academic or private research. These data are subjected to mathematical analysis from which various averages and percentages are obtained, indicating variations for longer or shorter periods in standards of living, retail price levels, distribution of incomes and so on. Boniface recognises that, within these fields, the achievements of the economists have been considerable, but he criticises their habit of ignoring phenomena which are not easily measurable, of being content with averages which conceal so great individual variations as to be meaningless, and of

reducing consumers' behaviour and preferences to mere calculations based on money incomes and market values. He blames them for concentrating on the consumption of goods which flow through the great commodity markets and ignoring the role in household consumption of housing, thrift, medical treatment, inheritance, public services and other streams in the flow of consumption goods that the national accounting systems are also prone to ignore. Above all, the economists are too inclined to treat all human beings as alike and to ignore the great differences in individual character and social position which determine people's modes of living, use of money and market attitudes.

Boniface therefore proceeds to examine the massive fact of social inequality and its consequences. He notes that no Western country has yet succeeded in eradicating poverty from amongst its population, to say nothing of the 1,000 million of under-nourished in the newly-developing regions. Poverty, moreover, is to be understood not simply as calorie deficiency, but includes cultural deprivation and all that that implies in respect of quality of products and equipment, besides social and natural environment, education and leisure. And where poverty does not exist in the absolute sense of deficiency of essentials, it can be no less intolerable in the relative sense of comparison with affluence. Even so, to abolish poverty would not be by itself enough, Boniface concludes, because man's wants are not only defined by the community, but also by individuals in all the complexity of their characters and consciences.

Our author therefore cannot help studying consumers as a psychological phenomenon. He distinguishes needs from wants and the respective influences of outward circumstances and inward urges on consumers' decisions, not forgetting discontent as a powerful motive, and emphasising that needs and wants seldom exist singly but are linked together in more or less integrated groups.

The consideration that man is only partly rational, is also imitative, a creature of habit and capable of being conditioned, leads him to a discussion of the unconscious mind and psychoanalysis and after that to the role of education and other social environmental factors in setting patterns for the satisfaction of wants. One of the most important is the use made of modern psychology by traders in advertising and competitive selling, which affects the techniques of trade no less than the habits of consumers. Prouface points out how success has inflated the pretensions of some publicity specialists to a dangerous degree and he suggests methods, legal and educational, by which the activities and ambitions of the publicity men may be kept within tolerable bounds and made serviceable to society as a whole.

The fact that publicity can be abused for profit-seeking purposes by playing upon people's inner anxieties and longings is, under present conditions, the price society pays for its contribution to the diffusion of culture. In his chapter on the consumers as a cultural phenomenon Boniface describes the role of advertising in propagating myths of whiteness, cleanliness, youth, novelty and so on, and in investing homely commodities with a magical symbolism as transmitters of the "values" which make consumption so much more than the absorption of an adequate amount of protein. He identifies six "systems", as he calls them, on which consumption acts as a cultural, often a civilising influence. The first is food, most of which is consumed at meals which are also social events, whether of families or of groups of friends and comrades. To eat and drink in company is to participate in civilisation, with all its sophistication in the enjoyment, not merely of food, but of companionship. Similarly with the other five systems which are: leisure and holidays, money, the automobile, fashion, and the objects with which we adorn our persons and our homes. It is through these and others besides that people not only maintain their physical and mental

well-being but learn to play their parts in the drama of life with increasing skill and technical mastery that reaches beyond mere "lifemanship".

It will now be evident that Boniface's portrait of the consumer has already advanced a long way from the "getting and spending" robot and is displaying some human lineaments. But he has still something important to add in treating consumers as a biological and ecological phenomenon. His viewpoint, however, remains economic, although many important elements may not be amenable to quantification. What he has in mind throughout is that society shall keep properly balanced accounts, recording what is lost, spoiled, re-cycled or destroyed beyond recall in the achievement of the modern world's much-vaunted technical and economic progress. Allied to this is his belief that the costs should be charged to the beneficiaries, not borne by the community at large, and even less, actually reckoned among the assets. Beyond this, his interest is focused on life, primarily of mankind, secondarily but not really separate from it, the life of other animate creatures. Here again as with psychology, he is concerned with the fact that traditional attitudes and practices are no longer consistent with what contemporary science has to tell us about birth and death and the processes of human growth and decline between these terminal points, with the consequences, among others, that the distribution of expenditure between curative and preventive medicine is uneconomic, the truth about narcotics and stimulants is not fully known or believed by the public and trade in them still forms a considerable part of many national economies. The ecological situation is similar. The prevention of ecological damage and waste still has to contend with Ibsen's Great Boyg of ignorance, incomprehension and indifference, besides the normal vested interests.

In his final chapter, Boniface turns from consumers to "consumerism" in relation to present-day society—inevit-

ably, as consumption has become increasingly a collective act, ever since the great Industrial Revolution two hundred years ago began to divorce consumer from producer. Consumerism, in the sense of a conscious movement for the defence of consumers' interests, dates from some 50 years ago, when the economy entered on a phase of ever more minute division of labour and larger units of organisation. Boniface rapidly surveys the development of consumerism, in the USA, France and Sweden in particular, through voluntary organisations, with support and complementary action by government, as political doctrine turned more and more away from *laissez faire*. He recognises the achievements of consumerism in obtaining much fuller information for consumers about the commodities they purchase, better value for money, through testing products and publicising the results, and legislative and administrative regulation restraining and penalising the sharp practices of sellers. He also believes that it is capable of achieving much more on these lines. Yet he has to admit that consumers' organisations stop short of attacks on the capitalist system which would involve them too deeply in political conflict.

In his references to Co-operation, which he includes in the consumerist movement, he points out that the necessity of accumulating and maintaining adequate amounts of capital for their business enterprises inhibits co-operatives from engaging in radical or risky policies, notwithstanding their opposition in principle to capitalism and their potential influence, based on their large share of the retail market. In the course of their business they are obliged to deal with private enterprise day by day on mutually satisfactory terms and private enterprise on its side has learnt to live with them and likewise the other elements of consumerism. Boniface elsewhere hints, without developing the theme, at combined action by consumers', housing and other co-operatives, the possibilities of which, in this

reviewer's opinion, ought to be explored as the ICA implements its last Congress Resolution on collaboration between co-operatives.

For what the Co-operative Movement has always aimed at in the long term is what Boniface also desires as the proper ultimate goal of consumerism, and that is a new model of society. He thinks that the time is already come to construct it

and that it will be based on a system of production in which the positive values of consumption will be incorporated, leaving no room for the inbuilt inequalities of capitalist systems which divide consumers into a large majority, who are its victims, and a much smaller minority, who are its accomplices.

W. P. WATKINS

Vers un monde coopératif by Georges Davidovic, translated from the English by Claire Dupond, with an introduction specially written by the author for this edition, a preface by Y. Daneau, and a postscript by Ch.-H. Barbier. *Editions du jour, Ottawa, Canada (1975). 222 pp.**

Professor Davidovic is one of the most eminent personalities in the co-operative world: through his thinking, through his teaching, and through his activities.

Of Armenian origin, he settled in Yugoslavia early on. He studied in Geneva during the First World War, and graduated from the Geneva University Faculty of Economic and Social Sciences founded by Edgar Milhaud. His relationship with his teacher, first as student and later as friend, continued over many years.

At the age of 36 he was appointed Secretary General of the Yugoslav Co-operative Union, an office which he filled up to the end of World War II. During this period he also taught Co-operation at the College of Higher Co-operative Studies.

The taking over of power by the communists created fresh difficulties for

him. Twice he was taken before the People's Tribunal, but he received so much popular support and so many marks of friendship from co-operators abroad that he retained his functions.

When the communist government organised a co-operative union conference, to which only representatives from the communist or communist-dominated organisations were invited, he refused to take part, and from then on his position became untenable. In 1953 he managed to reach England where various co-operative organisations took their turn in supporting him. In 1958 he became Secretary for Agriculture of the International Co-operative Alliance. In 1962, the Co-operative Union of Canada invited him to become their Director of Research. At the same time he taught Co-operation at the Coady International Institute of Antigonish University (Nova Scotia). Since 1968 he has been Professor at Sir George Williams University (now Concordia University), where he gives two separate courses, one in English and one in French.

He has edited several journals, the latest being the *Canadian Journal of Public and Co-operative Economy*, the organ of the Canadian International Centre of Research and Information on Public and Co-operative Economy (Canadian CIRIEC), of which he was one of the founder members.

He speaks several languages, including French, English, German and Russian. His book has already been translated into Persian, Chinese (Formosa) and Spanish.

* * * * *

*This book was originally published in English (Coady International Institute, St. Francis Xavier University, Antigonish, NS, Canada, 1967) under the title: *Towards a Co-operative World*. It has been translated into several languages, including a Spanish edition recently published by INTERCOOP (Buenos Aires, Argentina).

Prof. Lambert here reviews the French edition, but for the benefit of English readers, quotations are taken from the English Edition.

The book, which originally appeared in English in 1967, grew out of a series of courses given at Antigonish.

It opens with an impressive picture of the progress of Co-operation in the world since the formation of the Rochdale Society of Equitable Pioneers in 1844. This long-term view cannot be disputed, despite the reverses suffered by individual consumer co-operatives, and it is corroborated by Charles-Henri Barbier in his postscript. The author goes on to give a brief but very remarkable account of the International Co-operative Alliance, its pre-history, its formation, its history. The Alliance was of course human handiwork and therefore not infallible, and the author quotes one particular instance of grave error: I reproduce his text because it implicates Edgard Milhaud.

The Hamburg Congress in 1910 had created a category of *honorary membership* :

"This type of membership was considered an exceptional distinction and could be conferred only upon persons of outstanding merit in the co-operative movement, and conferred only by the International Co-operative Congress. Among those honoured were: Louis Bertrand and Edward Aseele (Belgium); James Dean, H. W. Wolff and Margaret Llewellyn Davies (Great Britain); Professor Edgard Milhaud (France); G. J. Mailath (Hungary); Quirin Kokrda (Austria) and Professor Vahan Totomiantz (Russia).

"The institution of honorary membership was terminated in 1930, at the Congress in Vienna. The decision was taken by a small majority, and in spite of the protests by the great Charles Gide. Even the appeal not to elect new honorary members but to respect acquired rights was rejected.

"This decision was one of the darkest points in the history of the ICA membership policy. It was not only inconsistent with its tradition of respecting acquired rights, but was humiliating for some of the most respected and

most respected personalities of the co-operative world. Obviously there were personal motives behind the move." (p.37).

It should be noted that this incident apparently did not prevent Edgard Milhaud from assisting the Alliance, particularly at the time of World War II.

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The author is especially severe on the Soviet co-operatives. He writes: "In view of the totalitarian character of the regimes under which they existed, these organisations (the Communist country organisations) were unable to apply the co-operative principles, yet they insisted on their ICA membership." (p. 63). Professor Davidovic and I have discussed this point verbally on several occasions, without being able to reach agreement. If the Soviet co-operatives do not respect the Co-operative Principles, they are not true co-operatives and should not be admitted into membership of the Alliance. But in that case he should not write that the co-operative enterprise "is the only economic form which exists in the East and the West" (p. 10), nor should he talk about the atmosphere of mutual understanding existing within the ICA (p. 32).

In fact it is of course true that the Soviet co-operatives do not have all the rights of a co-operative belonging to a country founded on political democracy. For example Centrosoyus has never gone against Stalin's decision, still in force today, to confine consumer co-operatives to the countryside leaving the State shops sole possession of the towns. It is also true that the co-operative delegations to the Alliance from Centrosoyus and other communist countries have always supported the foreign policy of their States, even at the time of the invasion of Czechoslovakia.

However, as far as everything strictly connected with co-operative activity is concerned, their members have a say in their meetings and there is lively criticism of various points: insufficient number of shops, insufficient choice of

goods, quality of products, etc. In general the managers of co-operatives are at present appointed by their members. On these points it is appropriate to refer to the paper by Georges Lasserre, written after research on the spot: "*Les coopératives de consommation en Union soviétique*" (Consumer co-operatives in the Soviet Union), *Revue des études co-operatives*, Paris, 1967, no. 150, pp. 433-447. As I have written elsewhere, Co-operation in the Soviet Union is not only a survival from the past, but also a hope for the future.

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The Chapter on Co-operation and the State is based on a very wide range of material. Its conclusion seems to me particularly well-balanced: "Today it is generally accepted that State help to Co-operation is useful. But only provided that co-operative independence is fully safeguarded." (p. 50).

The book contains many passages of quite exceptional quality and depth: Co-operative Action and Social Transformation; The Formation of a Particular Social Type—the Co-operator; The Building of Economic Morality; The Shaping of Material and Social Conditions by the Co-operative Spirit. These all go to make up *Chapter V: Social Repercussions of Co-operative Action*.

The author is profoundly convinced of the eventual coming into being of a co-operative republic, a view fully shared

by Charles-Henry Barbier, but which raises some doubt in the mind of Yvon Daneau: "It is true that co-operative organisations, now in the second century of their existence, continue to take root and to grow in the four corners of the world. . . . But it is still unrealistic to imagine that organised co-operation as a specific economic form could completely take the place of all the other systems."

In my opinion it is impossible to think of a world entirely co-operative without a reference to Bernard Lavergne, who was responsible for the introduction of co-operation into the public sector. Professor Davidovic does not ignore — far from it—the similarities between the public and co-operative interest. Writing about the war, he states: "More than ever before, it became obvious that public and co-operative interests are basically identical." (p. 55). However, the idea of a co-operative regime implies a broadening of the whole co-operative concept: an organisation should be regarded as co-operative if it consists of associations which are themselves democratic. In this way one could contemplate the possibility of exchanging the power of large-scale capital in the field of industry for the power of public co-operatives.

Altogether Professor Davidovic's book is exciting: a work of dynamism, a profession of faith, and a text book for co-operators everywhere.

PAUL LAMBERT

Public, Trade Union and Co-operative Enterprise in Germany: The Commonweal Idea. Walter Hesselbach. London, Frank Cass. £5.50.

Dr Walter Hesselbach is Chairman of the trade union based *Bank für Gemeinwirtschaft* and also Chairman of the International Co-operative Bank. His new book on "commonweal" enterprise, recently published in Britain, is an elaboration and development of his 1966

book on *Co-operative Enterprises in Western Germany* and he develops further his view that a "commonweal" form of organisation can provide a basis and a major constituent of a new economic order.

Dr Hesselbach uses the English word "commonweal" as more or less equivalent to the German word "Gemeinwirtschaft" as indicating a form of non profit making or social enterprise distinct both

from co-operative enterprise and from direct state enterprise. In his new book he gives an account of the success of various "commonweal" enterprises such as the *Volksfürsorge* insurance group and the *Neue Heimat* housing group and the *Bank für Gemeinwirtschaft* itself; and of the problems facing the German consumers' co-operative movement and the reorganisation measures, including the reorganisation of some retail co-operatives as limited companies, taken by the consumers' co-operative movement in order to compete more effectively in a market economy.

These measures seem to have resulted in some improvement in the performance and prospects of the German consumers' co-operative movement though many problems remain. Dr Hesselbach is, however, mainly concerned in this book with the theory of commonweal enterprise and a commonweal economy and insists that the distinction between private and commonweal enterprise is no question of legal form. He argues that the legal form of a public company or *Aktiengesellschaft* can serve public and social purposes as well as it can serve private profit. He insists again and again, as in the Chapter on "The Notion of Commonweal Enterprise" that the end result of commonweal enterprise is "to promote the public interest or the common good". It may be worth while to quote a few sentences to this effect such as "Commonweal enterprises use their profits for such purposes as correspond to the higher interests of the community". "The new market behaviour of commonweal enterprises may be called the use of profits through business activity on behalf of the community and society in general". "In the case of the commonweal enterprise the use of profits by the enterprise in the interests of the community and for the common good is the dominant aim." "The decisive element for a commonweal enterprise lies in the fact that it seeks to promote the common good". "Commonweal enterprise pursues its aim by undertaking

certain additional activities on behalf of the whole community and in the common interest". "It is the *raison d'être* of commonweal enterprise to aim at the common good or common interest". "The concept of commonweal enterprise is therefore, based upon the underlying concept of the common good". "A commonweal enterprise can be distinguished from private enterprise only through the aims and motivation of its activities, only through its inner drive". "Differences between commonweal enterprise and private business will, in the end, be reduced to the simple fact that profits made by commonweal enterprise will accrue to the community in general because these enterprises follow objectives in the general interest".

Dr Hesselbach's ideas about a "commonweal enterprise" seem clear enough; yet as a vehicle for such enterprise he prefers the legal form of a public company to the legal form of a co-operative society. He realises that co-operatives can face many problems: such as tax problems; the problem of raising sufficient share capital from members; and the problem of the withdrawability of share capital. With a company, on the other hand, share capital can be raised from the general public and shareholders can be offered an unlimited return. On the other hand a consumers' co-operative is run in the interests of its consumer members whereas a company is, in theory, run for the profit of its shareholders.

Dr Hesselbach appears to take the view that a company may reward its shareholders with dividends that are not more than sufficient to ensure the continued supplying of capital and run the enterprise on a "commonweal" basis with the public interest mainly in mind. Some support can be given to this view by the growing recognition, since the publication of Berle and Means *The Modern Corporation and Private Property* in 1932, that power in large corporations tends to pass from shareholders to management so that management tends to pay shareholders what J. M. Keynes

called a "conventionally adequate dividend" rather than the highest possible return on capital. Some large corporations do in fact seem more concerned with the survival, growth and reputation of the corporation than with the dividends of shareholders. This could be regarded as the emergence of a "commonweal attitude" in a conventional company.

If this is the case, however, there would seem to be a case for commonweal enterprises setting some kind of limit on the return paid on share capital to make

it clear that they really are run in the public interest. Commonweal enterprises run in the consumer interest might also find it worth while having a new look at the co-operative principle of equal voting. If the distinction between a conventional company and a commonweal enterprise is mainly a matter of managerial motivation it may be that the commonweal character of such enterprises would carry more conviction if a move were made in a *co-operative* direction.

P.D.

Resolutions adopted by the XXVIth Congress of the International Co-operative Alliance

Paris (France)

28 September — 1 October 1976

I Peace

The 26th Congress of the International Co-operative Alliance, representing 325 million co-operators in 65 countries with varied economic, social and political systems:

RECALLS that its Rules call upon member-organisations to work for the establishment of lasting peace and security;

REAFFIRMS the calls for peace adopted at previous Congresses as well as the resolutions adopted by the Central Committee in 1973 and 1975 in which the urgent need for a World Disarmament Conference and the dangers of the arms race were strongly stressed;

WELCOMES the decisions of the Conference on Security and Collaboration in Europe, which created an atmosphere favourable to the promotion of economic, scientific, technical and trade collaboration between countries, independent of their socio-economic system;

BELIEVES that the implementation of steps to relax international tension is one of the most important conditions for the development and consolidation of friendly and business relations between

national co-operative movements, irrespective of their social systems;

DECLARES that rivalry between countries for markets and investments and the growing power of multinationals to bring pressure on governments to enhance their own profit seeking interests constitute a potential source of conflict and threat to peace;

STATES that there continue to be regions of the world in which the seeds of tension exist, and that the threat to the peace and security of nations exists in a number of countries practising policies of racialism, apartheid and fascism;

NOTES with great concern, the existence of great inequalities of wealth;

EMPHASISES that co-operative forms of enterprise which serve the interests of the community, and a wider application of co-operative principles, with their emphasis on service, have a vital role to play in the development of a more equitable social and economic order;

REQUESTS

(a) its member-organisations to mobilise public opinion in support of government policies aimed at reducing

tension, caused both by the arms race and economic exploitation by the few, and the conclusion of a world-wide agreement to refrain from the use of force in international relations;

- (b) the ICA Central Committee to consider discussing what the UN has declared as the new international social and economic order, and to pursue this aim with the appropriate UN bodies;
- (c) the United Nations to convene urgently a World Disarmament Conference so that the massive resources for armaments could be diverted into constructive programmes of economic and social development.

II ICA's Programme of Work (1977-1980)

The 26th Congress of the International Co-operative Alliance,

RECALLS the suggestion made at the 25th Congress for a long term programme of work to be drawn up;

EMPHASISES the primary importance of better planning, co-ordination, careful forecasting and control of the activities of ICA and its affiliated organisations;

RECOGNISES the complexity in the formulation of the programme and the importance of the need to interpret it flexibly;

NOTES THAT

- (a) co-operatives must be helped to achieve increased efficiency in their economic operations through carefully devised programmes of education and management training, research, inter-co-operative collaboration and structural reforms;

- (b) effective publicity, extending ICA membership, projection of ICA's image as an efficient organisation, and close co-ordination with Auxiliary Committees are all very necessary;

- (c) much has been achieved under the programme of the Co-operative Development Decade but that much more needs to be done in providing assistance to movements in developing countries directly and in collaboration with the United Nations and its specialised agencies;

- (d) the vital pre-condition for the execution of all these tasks is the strengthening of the ICA Secretariat;

ADOPTS the programme as formulated in the document "ICA's Programme of Work 1977-1980" as amended by Congress;

UNDERLINES that the implementation of this programme necessitates increased resources and calls upon the Central Committee to outline within one year the responsibilities of members in implementation of the programme;

ASKS that regular reports be made to the Executive and Central Committees of the Alliance and a final report be presented to Congress in 1980.

III Collaboration between Co-operatives

The 26th Congress of the International Co-operative Alliance,

REAFFIRMS its belief in the principle of Collaboration between Co-operatives proclaimed at its 23rd Congress in Vienna in 1966;

RECOGNISES the progress made in collaboration between co-operatives,

nationally and internationally, during the last ten years as indicated in the report of the ICA Working Party on Collaboration between Co-operatives;

EMPHASISES the importance of closer collaboration for the expansion and development of the international co-operative movement through seeking out increased trade and other opportunities, organising joint ventures in developing and other countries, promoting contacts through exchange visits, improved communications, greater exchanges of publications, publicising examples of successful collaboration, thus contributing to the cause of social progress and strengthening of worldwide peace;

RECOMMENDS that research should be undertaken by co-operative organisations and academic institutions into ways and means of expanding such collaboration;

REQUESTS the Central Committee of the Alliance, in consultation with the ICA Auxiliary Committees, further to explore ways and means of expanding collaboration between co-operatives through conferences and seminars and to consider whether new arrangements should be made to ensure that collaboration is kept closely under review in the ICA;

CALLS UPON member-organisations to do all they can to collaborate with other co-operative organisations to compete more effectively with monopolies and multinational corporations;

ASKS the Central Committee to report to the 27th Congress of the ICA in 1980 on progress made in the promotion of increased collaboration between co-operatives.

IV The Tasks of the Co-operative Press

The 26th Congress of the International Co-operative Alliance,

WELCOMES the resolution of the Conference on Security and Co-operation held in Europe with, *inter alia*, the aim of facilitating the freer and wider dissemination of information of all kinds, of encouraging co-operation in the field of information and improving the working conditions of journalists;

STATES that the co-operative press carries out its activity on all levels—local, national and international; that organs of the co-operative press publish a vast range of information on co-operative matters and that there is a mutual exchange of co-operative periodicals and literature;

CONSIDERS that the co-operative press can play an important role in the development and consolidation of the international co-operative movement, in the improvement of ICA activity and in the promotion of social and economic progress;

DEEMS it necessary to make full use of the publications of the ICA and of the national co-operative organisations which are members of the ICA, in order to propagate the aims and methods of the co-operative movement, to define the place which the movement occupies in present-day social and economic life, and its role in the work for economic and social justice;

COMMENDS the constructive work of the ICA Working Party on Co-operative Press;

APPEALS to the ICA member-organisations to promote the publication of

material which will acquaint co-operative members and the populations of their countries with the international co-operative movement, and with the activities of the International Co-operative Alliance.

V Standards for Non-Food Products

The 26th Congress of the International Co-operative Alliance,

RECALLS the declaration of consumer rights adopted at the 24th Congress of the ICA in 1969, in which it was declared that consumers have a right to:

- (i) a reasonable standard of nutrition, clothing and housing
- (ii) adequate standards of safety and a healthy environment free from pollution
- (iii) access to unadulterated merchandise at fair prices and with reasonable variety and choice
- (iv) access to relevant information on goods and services and to education on consumer topics
- (v) influence in economic life and democratic participation in its control

REGRETS that more progress has not been made in implementing this declaration;

VIEWS with alarm the increasing use of toxic substances in non-food products such as detergents, drugs, shampoos, etc.; the increasing pollution of the environment by the discharge of poisonous substances all of which are harmful to mankind;

INSISTS that such use should be strictly controlled;

COMMENDS the Food and Agricultural Organisation (FAO) and the World

Health Organisation (WHO) which, in the field of food products have established a Food Safety Standards Commission, in order to develop adequate safeguards which will protect consumers;

REQUESTS the World Health Organisation, International Standards Commission, and International Electrical Commission to set up a similar commission for non-food products in order to establish uniform safety standards;

URGES ICA member-organisations to pioneer consumer safety in their own production and trade, and in collaboration with appropriate consumer groups, to influence their national governments to support the introduction and strict application of safety standards regarding toxic substances in non-food products, and generally to support measures on consumer protection;

REQUESTS the Organisation for Co-operative Consumer Policy and member-organisations to pursue more vigorously the implementation of the ICA's declaration of consumer rights;

ASKS member-organisations to ensure greater exchange of information concerning the results of tests in this field in co-operative laboratories.

VI Technical Assistance and Co-operative Housing

The 26th Congress of the International Co-operative Alliance,

NOTES THAT a recent world housing survey shows that housing conditions particularly in the developing countries, are deteriorating alarmingly and that problems of overcrowding and intolerable sanitary conditions are acute and

that related services are unsatisfactorily provided, if they at all exist;

STATES that the new production of houses, quantitatively and qualitatively, as well as modernisation of the old stock of housing are not given proper priority in the national economies in which the building industry, being labour intensive, plays a vital role;

WELCOMES the convening by the UN of a World Conference on Human Settlements in Vancouver, Canada, and ACCEPTS the principles and recommendations of the conference requesting governments to give increased attention to the problem of Human Settlements, particularly in the developing countries; REAFFIRMS that the provision of housing for the great majority of people has not been met satisfactorily;

DECLARES that co-operative methods have proved to be most beneficial for the solution of the housing problem in the developed countries, involving the betterment of the quality of housing and the application of democracy in the provision of housing, and

EMPHASISES that co-operative methods should be extensively applied in the housing programmes of both developed and developing countries;

ASKS governments to make available funds for housing co-operative programmes and that in bi-lateral assistance programmes countries with experience in co-operative housing make this available and devote a bigger share of their assistance funds for development of co-operative housing;

REQUESTS the UN to give a high priority to the solution of the housing problem throughout the world particu-

larly in the light of the recommendations of the conference on Human Settlements; and to that end,

FURTHER REQUESTS the UN to set up a special division to handle co-operative housing development in its Human Settlements programme.

VII Tourism and the Co-operative Movement

The 26th Congress of the International Co-operative Alliance,

AWARE of the growing tourist needs of the population and concerned that this need will constantly increase during the next decades;

CONCERNED about the results that could follow in certain countries if this vital sector of the economy is left to private capitalist type organisations;

DELIGHTED that co-operative achievements in many countries confirm the ability of the co-operative movement to engage in such activities;

CONVINCED of the essential role that the co-operative movement plays in taking the interests of the consumer into consideration and of the solutions it offers to the problems now facing the development of social tourism at the international level;

UNDERLINES the great benefits which could result from a closer collaboration between co-operatives in this field;

APPEALS to all co-operative movements to contribute to the development of popular tourism by working as closely as possible with all organisations (trade unions, mutual societies, etc.) wishing to develop a high standard of tourism available to all;

RECOMMENDS that all the move-

ments at present active in tourism better co-ordinate their activities within the ICA by setting up as a first stage, a working party, which could study methods of collaboration, first inter-co-operative and then with the International Bureau of Social Tourism (BITS) and the International Federation of Popular Travel Organisations (IFPTO).

VIII Conference on European Security and Co-operation held in Helsinki

The 26th Congress of the International Co-operative Alliance,

WELCOMES the agreements reached by governments at the Conference on European Security and Co-operation held in Helsinki in 1975;

CALLS on member-organisations of the International Co-operative Alliance and all interested public bodies to take all steps to publicise these important agreements and to work for their implementation.

IX Women and the Co-operative Movement

The 26th Congress of the International Co-operative Alliance,

NOTES that the International Women's Year proclaimed by the United Nations for 1975 has created a growing awareness all over the world of the fact that the difficulties facing mankind—hunger, injustices, threats to environment and peace—cannot be overcome without the participation and contribution by women;

EMPHASISES that in a number of countries, discrimination against women still remains one of the most acute

problems, preventing women's active participation in all spheres of life in society, and in the co-operative movement;

STRESSES the importance of fact-finding research into the situation of women as basis for action;

EMPHASISES the need for co-operative organisations to participate in the struggle for full equality for women in the political, economic and social life of all countries;

URGES co-operative movements to increase activities aimed at attracting women into both the economic and social activities of the co-operative movement, including the development of co-operative education, family planning, cultural activities, etc.;

DRAWS ATTENTION to the necessity of revising legislation and bye-laws in countries where these hamper women from full membership and participation in the management of societies;

CONSIDERS it necessary for national co-operative movements to expand their activities by the exchange of delegations of women co-operators, and by holding national, regional and international seminars, conferences and symposia;

RECOGNISES the important role of the ICA's Women's Committee in promoting actions of women and for women, including working relations with other ICA bodies and international organisations; and therefore,

RECOMMENDS strengthened support for the committee in its work for equality, development and peace.

The International Co-operative Alliance

11 Upper Grosvenor Street, London W1X 9PA, U.K.

Tel: (01) 499 5991

Director: Dr S. K. Saxena

**Regional Office and Education
Centre for South-East Asia**
Bonow House
PO Box 3312, 43 Friends Colony,
New Delhi 110-014, India
Tel: 631541 632093
Regional Director:
Mr P. E. Weeraman

**Regional Office for
East and Central Africa**
PO Box 946,
Moshi,
Tanzania
Tel: 4706
Regional Director:
Mr Dan Nyanjom

Affiliated Organisations

ARGENTINA

Federación Argentina de Cooperativas de Consumo, Avda. Suárez 2034, Buenos Aires. Tel. 28-5381/3.

Intercoop Editora Cooperativa Limitada, Alberti 191, Buenos Aires. Tel. 47 21 49.

Asociación Argentina de Cooperativas y Mutualidades de Seguros, Avenida de Mayo 1370, Piso 1°, Buenos Aires. Tel. 33-0222/7138.

Federación Argentina de Cooperativas de Crédito Ltda., Pueyrredon 468, 2° Piso, Buenos Aires (RC 24). Tel. 86-6283.

Asociación de Cooperativas Argentinas, 25 de Mayo 35, Buenos Aires. Tel. 30-8741. Telex BA 012-1876.

Confederación Cooperativa de la República Argentina Ltda. (COOPERA), Moreno 1729, Buenos Aires.

Instituto Movilizador de Fondos Cooperativos, Urquiza 1394, Rosario. Tel. 44223.

AUSTRALIA

Co-operative Federation of Australia, P.O. Box 347 Canberra City A.C.T. 2601 Tel. 062-48 7816.

AUSTRIA

Zentralkonsum Österreich GmbH Theobaldgasse 19, A-1061 Vienna VI. Tel. 57-75-38.

Österreichischer Verband gemeinnütziger Bau-Wohnungs- und Siedlungsvereinigungen, Bösendorferstrasse 7/11, 1010 Vienna. Tel. 65-71-63; 65-13-25.

Österreichischen Raiffeisenverband, Hollandstrasse 2, 1020 Vienna. Tel. 26 360.

BANGLADESH

Bangladesh Jatiya Samabaya Union, "Samabaya Sadan" (1st floor) 9/D- Motijheel Commercial Area, Dacca 2. Tel. 255846.

BELGIUM

Fédération belge des Coopératives (FEBECOOP), 26-28 rue Haute, 1000 Brussels. Tel. 13-28-60; 11-83-50.

Société Coopérative d'Assurances "La Prévoyance Sociale", P.S. Building, 151 rue Royale, 1030 Brussels. Tel. 18-80-80.

Fédération Nationale des Coopératives Chrétiennes, 135 rue de la Loi, 1040 Brussels. Tel. 02735-60-90.

L'Economie Populaire, 30 rue des Champs, 5300 Ciney (Namur). Tel. 228-01.

OPHACO (Office des Pharmacies Co-opératives de Belgique), 602 Chaussée de Mons, Anderlecht-Brussels 7. Tel. 22-56-90.

BULGARIA

Central Co-operative Union, Rue Rakovski 99, Sofia. Tel. 88-03-11.

CAMEROON

West Cameroon Co-operative Association Ltd., P.O. Box 135, Kumba, South-West Province, Tel. Kumba 251.

CANADA

Co-operative Union of Canada, 111 Sparks Street, Ottawa K1P 5B5, Ont. Tel. 232-9657.

Conseil Canadien de la Coopération, Caisse postale 58, Station N, Montreal 129. Tel. 866-8048.

CHILE

Cooperativa Sodimac Ltda., Casilla 3110, Santiago. Tel. 778506.

Cooperativa de Empleados Particulares Ltda., Teatinos 601, Casilla 424, Santiago. Tel. 82935.

Instituto de Financiamiento Cooperativo, (IFICOOP) Ltda., San Antonio 220—2° piso Casilla 1118, Sañtiago. Tel. 398253.

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Cyprus Turkish Co-operative Central Bank Ltd., P.O. Box 1861, Nicosia. Tel. 4257.

Vine Products Co-operative Marketing Union Ltd., P.O. Box 314, Limassol. Tel. 2331; 2872; 4582.

CZECHOSLOVAKIA

Ustredni Rada Druzstev, Tesnov 5, 11006 Prague 1. Tel. 621-54; 647-51.

DENMARK

Desamvirkende danske Andelsselskaber (Andelsudvalget) (The Central Co-operative Committee of Denmark), Vester Farimagsgade 3, DK-1606 Copenhagen V. Tel. 12-14-19.

Det Kooperative Faellesforbünd i Danmark, Banegardspladsen 13, 1570 Copenhagen V. Tel. 12-22-62.

Faellesforeningen for Danmarks Brugsforeninger (FDB), Róskildevej 65, 2620 Albertslund. Tel. 64-88-11.

EGYPT

Central Agricultural Co-operative Union, 132 Eltahrir Street, Dokky, Cairo.

FIJI

Fiji Co-operative Union, Registry of Co-operative Societies, Co-operative Department, Suva, Fiji.

FINLAND

Suomen Osuuskauppojen Keskuskunta (S.O.K.), (Finnish Co-operative Wholesale Society), Vilhonkatu 7, 00101 Helsinki 10.

Yleinen Osuuskauppojen Liitto r.y. (Y.O.L.) (General Co-operative Union), Vilhonkatu 7, 00101 Helsinki 10.

Kulutusosuuskuntien Keskuslitto (K.K.), r.y., P.O. Box 740, 00101 Helsinki 10. Tel. 170491.

Keskusosuusliike O.T.K. (Central Co-operative Society) O.T.K., P.O. Box 120, 00101 Helsinki 10. Tel. 750731.

Pellervo Seura, Central Organisation of Farmers' Co-operatives, Simonkatu 6, P.O. Box 77, 00101 Helsinki 10. Tel. 602066.

Pohja Yhtymä, Runeberginkatu 5, 00101 Helsinki 10.

FRANCE

Fédération Nationale des Coopératives de Consommateurs, F.N.C.C., La Maison de la Coopération, 27-33 Quai le Gallo, 92100 Boulogne Billancourt. Tel. 604.91.78.

Société Générale des Coopératives de Consommation, La Maison de la Coopération, 27-33 Quai le Gallo, 92100 Boulogne Billancourt. Tel. 604.91.78.

Confédération Générales des Sociétés Coopératives Ouvrières de Production, 37 Rue Jean-Leclaire, 75017 Paris. Tel. 627.89.58.

Banque Française de Crédit Coopératif, 88 rue de Courcelles, 75008 Paris. Tel. 227-48-03.

Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, 129 Bd. St. Germain, 75006 Paris. Tel. 033-93-31.

Confédération Nationale de Crédit Mutuel, 29 avenue MacMahon, 75001 Paris.

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Fédération Nationale des Sociétés Co-opératives d'Habitation à Loyer Modéré (H.L.M.), 20 rue de Richelieu, 75001 Paris. Tel. 266-4520.

Confédération des Coopératives de Construction et d'Habitation, 23 rue du Dôme, 92100 Boulogne.

Confédération des Organismes de Crédit Maritime Mutuel, 18 bis, Avenue Hoche, 75008 Paris. Tel. 267-14-50.

GAMBIA (The)
Gambia Co-operative Union Ltd., P.O. Box 505, Banjul. Tel. 581.

GERMAN DEMOCRATIC REPUBLIC
Verband der Konsumgenossenschaften der DDR, Stresemannstrasse 128, 108 Berlin. Tel. 22-38-0.

FEDERAL REPUBLIC OF GERMANY
Bund deutscher Konsumgenossenschaften G.m.b.H. Adenauerallee 21, 2000 Hamburg. Tel. 249006.

Coop Handels- und Produktions-AG (HAPRO), Sonnenstrasse 18-28, 2000 Hamburg 1. Tel. 284-1.

Gesamtverband gemeinnütziger Wohnungsunternehmen e.V., Bismarckstrasse 7, 5000 Cologne 1. Tel. 52-31-81.

Volksfürsorge Lebensversicherung AG
An der Alster, (2) Hamburg 1.

Volksfürsorge deutsche Sachversicherung AG, Steinstrasse 27, (2) Hamburg 1.

Deutscher Raiffeisenverband e.V., Adenauerallee 127, 53 Bonn. Tel. (0-22-21) 1061.

GHANA
Ghana Co-operative Council Ltd., P.O. Box 2068, Accra.

GREECE
Pan-Hellenic Confederation of Unions of Agricultural Co-operatives, El Venizelou 56, Athens 142.

HAITI
Caisse Populaire Dominique Savio, 57 Rue Rigaud, Pétion-Ville.

HUNGARY
National Council of Consumers' Co-operative Societies (SZOVOSZ), Szabadság tér 14, Budapest V. Tel. 113-600; 112-800.

National Council of Industrial Co-operatives (OKISZ) Postalfiok 172, 1143 Budapest 70. Tel. 188-800; 188-806.

National Co-operative Council, P.O. Box 616, H.1373 Budapest V. Tel. 113-600; 112-800.

National Council of Agricultural Co-operatives, Akademis ucta 1-3, Budapest V. Tel. 113-600; 112-800.

ICELAND
Samband Isl. Samvinnufélagi, P.O. Box 180, Samband House, Reykjavik. Tel. 28200.

INDIA
National Co-operative Union of India, Building No. 56 (6th Floor) Nehru Place, New Delhi-110024. Tel. 634369.

All India State Co-operative Banks Federation, Garment House, (2nd Floor), Dr. Annie Besant Road, Worli Naka, Bombay 400-018.

National Agricultural Cooperative Marketing Federation Ltd., Sapna Building, 54 East of Kailash, New Delhi-110024.

National Cooperative Consumers' Federation Ltd., Deepali (5th floor), 92 Nehru Place, New Delhi-110024. Tel. 635387.

All India Central Land Development Banks' Federation, Shivshakti, 2nd Floor B. G. Kher Road, Worli, Bombay 400018.

INDONESIA
Dewan Koperasi Indonesia, Jalan Jendral Gatot Subroto, Komplek POSDIKKOP, Djakarta. Tel. 74081-88.

IRAN
Sepah Consumers' Co-operative Society, Avenue Amir-abad shomali, Iran Novin corner, Teheran. Tel. 636001/2/3.

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Central Organisation for Rural Co-operatives of Iran, 357 Pahlavi Avenue, Teheran. Tel. 64210.

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Associazione Generale delle Cooperative Italiane, Via Belluno 16, 00161 Rome. Tel. 859198 857096.

JAPAN

Nippon Seikatsu Kyodokumiai Rengokai (Japanese Consumers' Co-operative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo. Tel. (404) 3231.

Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Co-operatives), 8-3, 1-chome, Otemachi, Chiyoda-ku, Tokyo.

National Federation of Agricultural Co-operative Associations (ZEN-NOH), 8-3 1-chome, Ohtemachi, Chiyoda-ku, Tokyo. Tel. 03 (279) 0211. Telex. ZENNO 222-3686.

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Ie-No-Hikari Association, No. 11, Funagawara-cho, Ichigaya, Shinjuku-ku, Tokyo. Tel. 260-3151.

Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Co-operative Associations), Co-op Building, 7th floor, 1-121 chome, Uchikanda, Chiyoda-ku, Tokyo 101.

National Federation of Forest Owners' Co-operative Associations, Co-operative Building, 8th Floor, 1-121 chome, Uchikanda, Chiyoda-ku, Tokyo, 101.

Norin Chukin Bank (Central Co-operative Bank for Agriculture and Forestry), 8-3 1 chome, Otemachi, Chiyoda-ku, Tokyo.

Hokkaido Federation of Cooperative Fishery Associations, West 7, North 3, Cho-ku, Sapporo. Tel. 231-2161.

JORDAN

Jordan Co-operative Organisation, P.O.B. 1343, Amman. Tel. 23101/3.

KENYA

Kenya National Federation of Co-operatives Ltd., P.O.B. 49768, Nairobi. Tel. 21487; 32106/7.

KOREA

National Agricultural Co-operative Federation, 75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul. Tel. 73-0021; 75-2681.

MALAYSIA

Co-operative Union of Malaysia Ltd., Peti Surat 817, Kuala Lumpur. Tel. 23903.

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Malaysian Co-operative Insurance Society Ltd., 36 Jalan Ampang, P.O. Box 817, Kuala Lumpur. Tel. 87915/6.

Angkatan Kerjasama Kebangsaan Malaysia Berhad (National Union of Co-operatives) (ANGKASA), 103 Jalan Templer, Petaling Jaya, Selangor.

MALTA

Farmers' Central Co-operative Society Ltd., New Building, Middleman Street, Marsa. Tel. Cent 24896.

MAURITIUS

Mauritius Co-operative Union, Co-operative House, Dumas Street, Port Louis. Tel. 822.

MOROCCO

Union Nationale des Coopératives agricoles laitières, Rue Patrice Lumumba, B.P. 569, Rabat-Chellah.

NETHERLANDS

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NIGERIA

Co-operative Union of Western Nigeria, Ltd., c/o Co-operative Buildings, New Court Road, P.M.B. 5101, Ibadan. Tel. 24399; 24446.

Lagos Co-operative Union Ltd., Co-operative office, 147 Yakubu Gowon Street, Lagos. Tel. 58920/85.

Mid-Western Nigeria Co-operative Federation Ltd., Private Mail Bag 1021, No. 4 Murtala Mohammed Road, Benin City, Mid-Western State. Tel. 594.

Co-operative Federation of Nigeria Ltd., Private Mail Bag 5101, c/o Co-operative Building, Ibadan. Tel: 24446, 24399.

THE PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES

Year Book of Agricultural Co-operation – 1976

The Plunkett Foundation for Co-operative Studies, a research and educational body was founded by Sir Horace Plunkett, the champion of agricultural co-operation in Ireland, and tireless traveller in many countries urging the claims of co-operatives to improve the lot of the farmer. As its name implies, the Year Book is published annually by the Plunkett Foundation, as an information source on co-operative development and thought from various parts of the world. Thus apart from agricultural co-operation, the book has no continuous theme, but is an amalgam of descriptive and critical articles from a wide selection of countries throughout the world. Thus it is not a book that leads from beginnings through the presentation of facts and theories to logical conclusions: rather it assumes an interest and knowledge of the subject, and treats the reader to a series of cameos from agricultural credit in seven countries of Europe to the cautious development of agricultural co-operatives in Botswana. An evidently knowledgeable article on the progress of communes in China, is balanced by the improbable suggestion that the French form of co-operative "The S.I.C.A.", could be transferred to Wales. Some sixteen articles, by reputable authors, range widely over the International Co-operative scene, to make what some may see as a rather disjointed picture.

However the picture is made whole by the addition of a bibliography, and an index, which is updated every fifth year, to make a complete index for the whole of the editions from 1927 to date. This book should be on the shelf of every library and institution which has an interest in co-operation, either as a researcher or a scholar.

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Tel. 37-29-70.

PAKISTAN

West Pakistan Co-operative Union Ltd.,
11 Masson Road, P.O.B. 905, Lahore 1.
Tel. 54203.

PERU

Cooperativa de Seguros del Peru Ltda.,
No. 170, Maximo Abril 552, Lima. Tel.
46769.

Banco Nacional de las Cooperativas del
Peru Ltda., 1 Av. Tacna 411, Apartado
4895, Lima. Tel. 276569.

Cooperativa de Credito Central del Peru
Ltda. Antonio Miro Quesada 247, Of. 407,
Lima. Tel. 27-3752.

PHILIPPINES

Central Co-operative Exchange Inc.,
P.O.B. 1968, Manila. Tel. 7-60-09.

Cooperative Insurance System of the
Philippines Inc., 300 De La Merced (Delta)
Building, West Avenue, (POB 419, Araneta
Centre) Quezon City. Tel: 97-35-68.

Grains Marketing Co-operative of the
Philippines "Gramacoop" Inc., 107-D
Arellano Street, Caloocan City. Tel. 23-91-
40.

Filipino Cooperative Wholesale Soc. Inc.,
P.O. Box 4439, Manila.

POLAND

Central Agricultural Union of "Peasant
Self-Aid" Co-operatives, Kopernika 30,
Warsaw. Tel. 26-39-69; 26-10-81.

Central Union of Building and Housing
Co-operatives, Ul. Marchlewskiego 13,
Warsaw. Tel. 20-90-29.

"Spolem"—Union of Consumer Co-
operatives, Grazyńy 13, Warsaw. Tel. 45-32-
41.

Central Union of Work Co-operatives,
Surawia 47, Warsaw. Tel. 28-51-86.

Supreme Co-operative Council, Ul.
Jasna 1, Warsaw. Tel. Warsaw 26-72-21;
27-13-26.

PORTUGAL

UNICOOPE, Rua Alvaro Gomes 112, 3292
Porto. Tel. 684606.

PUERTO RICO

Co-operative League of Puerto Rico, 458
Fernando Calder, Apartado 707, GPO San
Juan 00936. Tel. 764-2727.

ROMANIA

Uniunea Centrala a Cooperativelor de
Consum, "Centrocoop", Strada Brezoianu
31, Sectorul 7, Bucharest. Tel. 16-00-10;
13-87-31.

Central Union of Handicraft Co-oper-
atives, "UCECOM", 46, Calea Plevnei,
Sector VII, Bucharest. Tel. 13-16-48.

Uniunea Nationala a Cooperativelor
Agricole de Productie, "Uncap", 25 Bd.
Gheorghe Gheorghio-Dej, Bucharest.

SINGAPORE

Singapore Co-operative Union Ltd.,
Post Box 366; Office and Library: 3-J/K
Clifford House, Singapore 1.

SRI LANKA

National Co-operative Council of Sri
Lanka, P.O. Box 1669, Co-operative House,
455 Galle Road, Colombo 3. Tel. 85496

SWEDEN

Kooperativa Förbundet, S-104 65
Stockholm 15. Tel. 743 10 00.

HSB:s Riksförbundet ek. för., Fack, S-100
21 Stockholm 18. Tel. 785 30 00.

Svenska Riksbyggen, Hagagatan 2, P.O.
Box 19015, S-104 32 Stockholm 19. Tel.
34-05-20.

Folksam Insurance Group, Folksam
Building, Bohusgatan 14, S-104 60 Stock-
holm. Tel. 22-01-00.

Lantbrukarnas Riksförbundet, S-105 33
Stockholm 3. Tel. 14-16-00.

Kooperativa Gillesförbundet, S-104 65
Stockholm 15. Tel. (08) 44-90-60; (08) 44-
95-60.

SWITZERLAND

Coop Schweiz, Thiersteinerallee 14, CH
4002 Basle. Tel. (061) 35-50-50. (POB 1285).

Verband sozialer Baubetriebe, c/o SBHV.,
Sihlpostfach, Zürich.

Genossenschaftliche Zentralbank, Ae-
schenplätz 3, CH 4002 Basle. Tel. (061) 23-
84-00.

CO-OP Lebensversicherungs-Genossen-
schaft, Aeschenvorstadt 67, CH 4002 Basle.

TANZANIA

Co-operative Union of Tanganyika Ltd., National Co-operative Building, P.O. Box 2567, Dar-es-Salaam. Tel. 23077; 23344; 23347.

THAILAND

Co-operative League of Thailand, 4 Pichai Road, Dusit, Bangkok. Tel. 811414.

TURKEY

Türk Kooperatifçilik Kurumu (Turkish Co-operative Association), Mithatpasa Caddesi 38, Yenisehir, Ankara. Tel. 12-43-73.

UGANDA

Uganda Co-operative Alliance, P.O.B. 2215, Kampala. Tel. 56984/6.

U.S.S.R.

Central Union of Consumer Societies "Centrosoyus", B, Tcherkassky per 15, 103626, Moscow. Tel. 221 7253.

UNITED KINGDOM

Co-operative Union Ltd., Holyoake House, Hanover Street, Manchester M60 0AS Tel. 061-834 0975.

Co-operative Wholesale Society Ltd., P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES. Tel. 061-834 1212

Co-operative Insurance Society Ltd., Miller Street, Manchester M60 0AL. Tel. 061-832 8686.

Co-operative Bank Ltd., P.O. Box 101, New Century House, Manchester M60 4ES. Tel. 061-834 8687.

Plunkett Foundation for Co-operative Studies. 31 St. Giles', Oxford OX1 3LF. Tel. 0865-53960.

URUGUAY

Centro Cooperativista Uruguayo, Dante 2252, Montevideo. Tel. 41-25-41; 40-90-66.

U.S.A.

Co-operative League of the U.S.A., 1828 L Street, NW, Washington, D.C. 20036. Tel. (202) 872-0550.

YUGOSLAVIA

Glavni Zadružni Savez FNRJ, Terazije 23/VI, POB 47, 11001 Belgrade. Tel. 30-947/9.

ZAIRE

Centrale Générale des Coopératives Angolaises, B.P. 6039, Kinshasa 1.

ZAMBIA

Zambia Co-operative Federation Ltd. P.O. Box 3579, Lusaka.

INTERNATIONAL ORGANIZATIONS

Organization of the Cooperatives of America, Baltazar La Torre 1056, San Isidro, Lima, Peru (POB 4657 Correo Central).

Nordisk Andelsförbund, 3 Axelortv, 1609 Copenhagen V, Denmark. Tel. 15-15-33.

International Co-operative Bank Co. Ltd. (INGEBA), Aeschengraben 12, P.O.B. 243, CH 4010 Basle, Switzerland. Tel. 23-58-27.

International Co-operative Petroleum Association, 28 West 44th Street, New York, N.Y. 10036, U.S.A. Tel. LA 4-4455.

Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCOOP), Casilla de Correo 4311, Buenos Aires, Argentina.

International Co-operative Housing Development Association (ICHDA), 11 Upper Grosvenor Street, London W1X 9PR, UK. Tel. 493 1137.

At its meeting in Iceland, the Executive Committee admitted the following organisations into membership of the ICA.

NORWAY: Landbrukets Sentralforbund, P.O. Box 407, Sentrum, Oslo 1.

TURKEY: Köy-Koop (Central Organisation of Village Development and Other Agricultural Cooperative Unions), Izmir Caddesi 45/3-8 Kizilay, Ankara.

INTERNATIONAL: World Council of Credit Unions Inc. 1617 Sherman Avenue, P.O. Box 431, Madison, Wisconsin 53701, U.S.A.

International
Co-operative
Alliance



Review of International Co-operation



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THE INTERNATIONAL CO-OPERATIVE ALLIANCE

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

It comprises organisations in every continent, and its total affiliated membership through national organisations exceeds 330 million. The consumers' movement accounts for just under half the membership, the other half consisting of agricultural, housing, credit, workers' productive, artisanal and fishery societies.

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

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

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

In the United Nations, its Economic and Social Council, as well as in some of the Specialised Agencies, it enjoys the right of participation in their meetings and work as an International Organisation with Consultative Status, Category 1.

Its official organ is *The Review of International Co-operation*, published bi-monthly.

The study of International Co-operation takes place under the auspices of the 'Henry J. May Foundation', the Permanent Centre of International Co-operative Study.

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

Review of International Co-operation



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The ICA is not responsible for opinions expressed in signed articles.

Editorial and Administrative Office:

11 Upper Grosvenor Street, London W1X 9PA Telephone 01-499 5991/3

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55th
International
Co-operative
Day



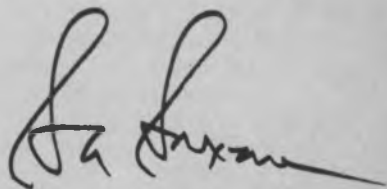
Saturday 2nd July 1977

Dear Co-operators,

I have in this year's Declaration indicated the subjects which were considered of exceptional importance at our 26th Congress, and on which the Alliance will base its programme of work for the next few years. Many of these I believe will be relevant to your own work, and I hope that some of their aspects will be appropriately emphasised when you celebrate the International Co-operative Day.

May I express the hope that this International Co-operative Day will provide for your Movement an opportunity of re-stating the principles that bind us internationally and strengthen each of us in our aim of achieving a just society.

With Co-operative greetings,



S. K. SAXENA
Director, ICA

Declaration of the ICA

THE INTERNATIONAL CO-OPERATIVE ALLIANCE on the occasion of the 55th INTERNATIONAL CO-OPERATIVE DAY wishes all its affiliated members and all Co-operators every success in their tasks, and especially asks all Movements to focus their special attention at this time on helping to realise through their activities some of the salient findings of our 26th Congress.



PEACE In its Resolution on Peace the Congress stressed that there still continue to be regions of the world in which the seeds of tension exist, and that the threat to the peace and security of nations exists in many countries practising racist policies. Congress also noted with great concern the continued existence of great inequalities of wealth. These are all areas where a wider application of Co-operative Principles, with their emphasis on service, has a vital role to play in the development of a more equitable social and economic order, the prerequisite for enduring peace.



CONGRESS The thinking of the 26th Congress was crystallised in its Programme of Work, 1977-1980, as being the need, first, for Co-operatives to become and remain efficient economic organisations through improved training and research programmes and increased inter-co-operation — sectoral, national, regional and international — in order to fulfil their role as a social force; and secondly, for a more effective projection of ICA's image as the standard-bearer of international solidarity and self-help in the economic and social fields.

*The collaboration and support of all ICA members
are vital for the implementation of this Programme.*

Mr Roger Kerinec

President

International Co-operative Alliance

After conveying the greetings of the French Co-operative Movement,
M. Kerinec posed the following question:

**Can the Co-operative Way—born a century ago—
still contribute today to solving our current problems and,
if the answer is yes, under which conditions?**

Everybody will agree, I suppose, if I say that the world changes so quickly these days. Perhaps one can describe the confusion brought about by the profound changes which we experience nowadays by using the humorous remark of a French journalist who said: "We no longer know where we are going but we are going there". Certainly one has to be somewhat naive to speak about the future when economic forecasts have become at least as hazardous as meteorological ones.

Everybody will agree also, if I say that never have so many books or press articles been written or meetings convened for the purpose of analysing political, economic and social trends and of identifying the basis for a different society, if not for a new civilization.

Under such circumstances, why should not we, as co-operators, raise the same question: what sort of a world would we like to live in? And what contribution can a movement like ours

give toward the construction of such a world?

Perhaps this is a very ambitious attitude, or a utopian one, but, Co-operatives do exist, Co-operation has inspired achievements in all parts of the world, whatever political regime prevails, and, as you know, the International Co-operative Alliance numbers more than 300 million members all over the world.

Thus, it is a fact that the Co-operative Movement contributes to the economic and social development of many countries, East and West, North and South. Certainly, its role varies considerably from one country to another, but Co-operation is a phenomenon which cannot be denied and which occupies a sizeable place in the world, even though it can be the result of an unconscious conjunction of varied circumstances. I do believe that in all countries co-operators have a deep conviction that they ought to take an active part in the construction of a society of a different type, more equit-

able through greater solidarity and participation. They hold such a conviction as they democratically create a collective and indivisible wealth for the benefit of the greater number. Indeed, the Co-operative Movement has provided for the establishment of a heritage for everyone at the expense of those private interests who use their wealth for exercising power to the detriment of others.

But I should not forget that I am speaking about Co-operation to co-operators and I shall not attempt to draw up a balance sheet of Co-operative contributions. I shall only say that as they have practised daily a social experiment for over a century now, Co-operatives can claim that they have by now proved that another approach exists in human relations, which consists in creating enterprises where "business is no longer just business".

But, who knows about it? And more specifically, who understands the real meaning of the Co-operative experiment? To many people it appears to be an involvement in the daily routine and concerned in the first place, with the operation of its own enterprises. The co-operative contribution is seldom appreciated at its right value. Dr Fauquet, who was the first Director of Co-operative Services within the ILO has well described this misappreciation of the values of co-operative ideas when he wrote and I quote: "It is a great misfortune that the most precious aspect of Co-operation is also the least apparent; for the many it only seems to be a good economic formula and nothing more, when indeed—provided it is genuinely practised—it offers a way of living to such co-operators who care for estab-

lishing a collective wealth and equally care for raising up the dignity of their personal life". Dr Fauquet said "when it is genuinely practised," and here probably lies the key to the question which I just raised: "Which conditions should be brought about for a better appreciation of Co-operation?"

A first condition is, of course, that it continues to exist, and this is not the easiest condition to fulfil. As someone has said, "the great general is the one who wins, not the one who should have won", and very often co-operators do feel they should have been the winners, because their ideal is a noble one. Applied to our problem, this means that neither the high value of our principles nor the greatness of our feelings will in the future suffice to ensure our success. Indeed, the Co-operative Movement has too many achievements to its credit for it to be judged on its ideas only. This also means that success is not just an end and that we must carry on. As you know "laurels wither faster when one rests on them", and too often have our co-operators rested on their laurels.

So, Co-operatives must be efficient, and this is much more difficult to achieve today than in earlier times. As our competitors have gone on concentrating, Co-operatives have been forced to adopt a similar pattern in their development, and they have had to develop efforts toward structural changes within the movements.

Co-operative strength lies in solidarity but it is our experience that such a solidarity does not come about of itself even between Co-operators and still less between Co-operatives. It is necessary that some structures be worked out to organise for such a solidarity. This the

French Co-operative Movement has done, as many others have; and I intend to bring some information to you on such an organisation, if you permit me.

From the twenties, French consumers' co-operatives were aware of the necessity to undertake a huge effort toward concentration of resources, and, within less than a 20-year period, the existing 4,000 local Co-operatives had created some 50 so-called Regional Co-operatives. After World War II, the trend toward more concentration developed between the Regional Societies themselves to the point where 10 per cent of the 200 remaining societies achieve 90 per cent of the total turnover today. The ten largest account for 75 per cent of the total turnover, five of them representing 50 per cent and two accounting for 30 per cent.

But the move toward concentration between societies was not of itself enough to create a united Movement. It even resulted in generating regional powers able to compete with the national co-operative bodies.

In 1960 we had powerful Regional Societies but these Societies had no commercial, financial or social policy in common.

Each of these Societies would observe with scepticism the revolution which developed in the field of distribution, showing disbelief towards the new techniques which they considered either alright for others or calling for the strongest resistance.

This marks the time when French Consumer Co-operatives began to lose ground compared with the more dynamic of their competitors.

Fortunately our Congress in 1964 had the courage to face the situation and to

realise that the time had come for common consideration of the present and future position of the Co-operative Movement in France, and to take stock of itself objectively, to draw up a fair inventory of our strengths and weaknesses. This required the gathering of a large amount of information on ourselves and on others. It soon became evident that we knew very little of ourselves and that we were far from being a movement.

The problem was to define together a policy the aim of which could be to establish authentic Co-operative societies capable of facing their competitors, as well as central organisations which could offer a maximum of services assisting the former to reach their maximum efficiency.

The problem was to go beyond a useless rivalry between societies and central organisations, to become conscious of what was really at stake in our daily fight, to discover together the best means of proving the value of our co-operative experiment, and where possible, its superiority over all others.

So, like you, we nominated a Commission to think over those problems. This Commission organised several specialised study groups composed not of the leaders of the Movement but rather of the most competent men from each society and central organisation in each sector and they worked for two years.

We can never stress enough to what extent this working together of men who had never met before and who were not used to common consideration of problems enlightened the men of power in the Movement (those who worked at the heart of the Regional Societies and of the

central organisations) on the need to strengthen the unity of the Co-operative Movement.

When those two years were completed, it was then decided to plan the expansion of our Movement, that is to elaborate both at central and at society levels, development plans based on models which could allow for regular comparisons of the progress made.

Once those plans were prepared we discovered that we had to reform our structures and to create the instruments which could allow for a planned programme of our expansion. Among the required instruments, some already existed: an audit association, for regular checking up of societies' accounts; a Co-operative Retail Service, for those societies in difficulties; joint security fund to finance their recovery. And we have added a new one: a "Financial Committee" which now decides on priority investments and their financing for each project in every society, in order to avoid wastage and duplication of effort and to ensure for each investment the maximum efficiency. The Committee is composed of representatives of both the societies and central organisations.

Moreover, a decision was taken that the policy of our Movement would be decided by a single body, the Central Council, elected by Congress. The Congress now assembles only every other year, because the Central Council is fully representative of the societies. It studies the reports from the Central Organisations and states the broad lines of our policy. On the Council any society, even the largest, cannot be represented by more than one member. There is an age limit of 65 for full-time officials and 70 for lay members.

To give the greatest possible unity to policy for the Movement as a whole, there is also an Executive Committee, on which sit, *de jure*, the leaders of the two main national bodies: the National Federation, which is our Union, and the General Society, which is our Wholesale, as well as two representatives of the Regional Societies elected by the Central Council. That Executive Committee meets every other week.

We decided not to merge the Union and the Wholesale. Rather we have chosen to maintain the two distinct legal structures and the President of the Union chairs both the Central Council and the Executive Committee.

Finally, it was decided to meet a wish expressed for over 30 years by all our societies: that was to build a joint headquarters, our *Maison de la Coopération*, which symbolises our unity.

I am told that you gave attention yesterday to similar problems. It is a field, I think, where there is not a universal solution which could apply to all Movements in all countries and for ever. One must take into account the history, the background, the economic and social or even political environment of the Co-operative Movement in a particular country so that the decision arrived at fits as closely as possible the situation of the Movement concerned.

As for us French co-operators, our choice, I repeat, was to maintain the two central bodies so as to be able to stimulate within the whole Co-operative Movement a policy which would take into account the new needs of the consumer, that is the emergence of the consumerist trend which you know so well. And as a result we have succeeded in having our Union recognised as a

Consumers' Association, with the right, among many others—which it was the first to obtain—to go to Court in defence of consumers' interests.

For example, our Union has won its case against the drug industry which had taken steps to forbid the circulation of a book criticising drugs. The case received great publicity. We put forward a plea for the right of the consumer to be informed, and we won. Thanks to our action the circulation of the book reached over 500,000 copies.

Moreover, we have strengthened the staff of our Union so that it can now assist Regional Societies to develop for themselves services in this democratic sphere of operation.

We have also created new services which allow us better to understand the needs of the consumers in order to protect them more effectively. Permit me to refer to two of them. First the conduct of public opinion surveys. We have constituted a Consumers Advisory Group composed of some 5,000 people mostly women, selected so as to represent the average co-operative population in France. Half are replaced every other year.

The purpose is, on the one hand, to acquire a better knowledge of the opinions of our members and, on the other hand, to compare them to those of non-members through motivation enquiries, also conducted by our Union. This allows us to express the views of our members on problems of concern to them. Of course, the questions put to our consultative group are not limited to the co-operative field. They may deal, for instance, with the energy crisis, household equipment, holidays, credit, consumption, inflation, unemployment,

etc. This activity, in turn, helps public opinion and Government Services to identify us as a Movement actuated by conscious and organised consumers, rich in original experience in managing affairs, an experience which allows us to present opinions and claims with real competence, and authority.

The second initiative to which I refer is the creation of our Laboratory. In fact, it preceded the other, as it took place in 1955, but very recently we decided to give our Laboratory additional means to enable it to improve its activities.

A Laboratory unique of its kind, it aims to protect consumers' health on the basis of studies which it undertakes in full independence—even from the Co-operative Movement. By publishing full information on its tests it has now gained wide recognition, and the Co-operative Movement is the first beneficiary. It has emphasised the objectives of our Movement, it has renewed our militancy and it has facilitated the recruitment of new active members.

Some of the initiatives taken by our Laboratory have, of course, created problems for the managers of societies, who do not always appreciate how important such initiatives can be for them. I could quote many cases where the Co-operative Movement has had to go a little too far on the path of consumer protection in order to meet questions raised by its Laboratory. But, at the final stage this very initiative has given us a chance to be understood by public opinion, which can now believe that it really is a Movement created and managed by consumers for protecting the consumer. I repeat, that we have had to take some risks, which, of course,

were carefully calculated so as not to jeopardise our collective interests. But these have helped us to avoid too great a divorce between what we are saying and what we are doing.

You will have understood, of course, that while our Union develops its activities to serve the consumer, it does so in full agreement with the Regional Societies and I shall illustrate this fact with another example.

I want to speak of our Salons Consommateurs (Consumers' Conventions). FNCC, our Union, organised the first French Consumers' Convention in 1972, jointly with several consumers' associations and with the assistance of a private commercial enterprise specialising in the field of visual aids (and which incidentally the French Consumer Co-operative Movement took over as majority shareholder three weeks ago). But that is another story.

My point is that this Consumers' Convention achieved an unexpected success (200,000 visitors in five days) and that the example was followed by many Regional Societies all over France which decided to organise such Consumers' Conventions jointly with consumers' associations and, of course, with the assistance of our Union.

All these Conventions proved very popular and successful. They help us in making public opinion aware of the special character of our Movement.

I would emphasise, moreover, that this highly consumer-conscious policy is also applied at the commercial level by our Wholesale, the SGCC, and by our Regional Societies, by joint agreement.

For example, their commercial standards take into consideration, for in-

stance, the health dangers of food additives and gives more informative labelling than competitors do.

Mr President, my dear friends, I hope you will forgive me for such a long exposition of the first prerequisite for guaranteeing a future to our Movement. That is the necessity to be efficient and, in order to be efficient, the necessity to have strong societies, strong central organisations and a structure which provides for joint definition and implementation of a single policy adapted to ever-changing consumers' needs. I insist on the joint definition and implementation, because when a policy has been jointly agreed upon by both the regional societies and the central organisations it must be implemented by all. This must be clear.

There is, of course, a second precondition which must be fulfilled if we want to make our contribution to the world of tomorrow—and that is that our Co-operatives be true Co-operatives. But I will not dwell on this too much, as you know the point very well. Indeed, we all know what makes things so difficult for Co-operatives. It is the opposition of co-operators themselves.

Many among us consider, in fact, that in a time when a speedy adaptation of men and structures to technical evolution is a pre-requisite for success, Co-operative democracy can act as a brake, can become a handicap rather than an impetus. Others feel that we are currently undergoing a move toward a take-over of power in Co-operatives by a techno-structure of professional management.

My opinion is that we should not muddle up structure with techno-structure. Co-operative democracy needs

a structure. by which I mean a special department whose officers enjoy the full confidence and clear support of top management. But these officers should not take the place of active members. Their role is to provide effective support. The existence of a dynamic and well informed active membership is a must in the Co-operative Movement, if it still wants to be a Movement of ideas and to go on developing its activities in full independence. The problem of the relations between the professional co-operator, and the voluntary active member is, in my opinion, a fundamental one.

Contrary to an all too frequent attitude, those who manage the Co-operative should not stand on one side while those who propagate ideas stand on the other side. Indeed, there must be a single policy for all those who live the Co-operative life if we want its democratic character to be understood by all. Any divorce between the two structures can only be disastrous to Co-operatives. If we place all idealists in towers and men of action on roads, the towers will never rise up high and the roads will lead nowhere. Action is of no value if it is not prompted by an ideal.

Mr President, dear fellow co-operators, I have now covered some of the problems which co-operators have to solve and some of the initiatives they have to take—at least in my opinion—if they want to obtain recognition for Co-operative ideas, and an acceptance by public opinion that they can contribute to establishing a fairer world. If in so doing, I have left you feeling that the Co-operative Movement has very little chance of getting rid of its contradictions, I hasten to add that on the contrary Co-operation appears to many today as

a very interesting endeavour.

Indeed, there is a general recognition that an irresistible trend in the world of today leads us towards collective forms of ownership and, at the same time, there is a growing tendency among consumers and workers to participate more in the management or in the control of enterprises. There are many who are discovering or re-inventing Co-operation. Those who look for self-management are “discovering” workers’ Co-operatives. They are rather well developed in France, as you know, and in many a Western country they now appear to the workers—but perhaps not so much to the trade unions—as the best answer to the closing down of viable enterprises. Governments are starting to pay attention to them. In several of the socialist countries, namely Poland and Hungary, those workers’ Co-operatives are undergoing spectacular expansion.

As for consumers’ Co-operatives there is also a renewed interest. They benefit from the consumerist trend and Co-operation appears to many as the only movement with the capacity to play a concrete part in the definition of what is called the new consumption pattern.

The interests which other forms of the Co-operative Movement represent: housing, fisheries, credit and especially those within the sphere of agriculture, get day after day a better understanding from Governments and even public opinion. And there is—but this question in itself would deserve a long conference, or at least a longer exposition—(a point which I shall not forget as I am pleading in favour of the reality of the Co-operative approach)—there is, however, the role which Co-operatives can play in the field of assistance to developing countries.

In spite of all our efforts our hopes have often been disappointed as we waited in vain for an explosion of Co-operative activity which never happened, despite our belief that Co-operative Principles would meet the desire for an independent development in these poor countries, taking into account their history, their geography and their habits as well as their civilisation. However, now we know what should not be done, but we still are convinced that Co-operation has an essential part to play in that field, and there are others who think likewise. All those who work for implementing a new world economic order, based on more justice, more equality between industrialised countries and developing ones, recognise that Co-operatives can fight efficiently against misery.

And to underline what I have just said, I would remind you that the United Nations has stated that the establishment and growth of Co-operatives should be regarded as one of the most important instruments for the economic, social and cultural development, and human progress, of the under-developed countries.

The time has now come for me to put an end to my reflections. One French author has said that what a speaker is not able to bring in depth, he brings in length. So I have deliberately left aside one of the most important problems for the future of our Movement, that is relations between Co-operatives and Governments, because I think you are well aware of the problems and I do not want to stretch your patience too far.

My purpose has been to see, with you, whether our Co-operative Movement could still contribute to the establishment of a world different from that

which we know now, which is too unfair, too intolerant, too violent. My opinion is that Co-operation is not a panacea, that it cannot, alone, solve all problems. I rather believe that even in a period as confused as ours, the world can be changed through a thousand slight alterations, or different paths; and I am convinced that the Co-operative way is one of those leading to a more equitable society through more solidarity. I do feel that the future of us all depends, to a certain extent on the success of Co-operative ideas and of Co-operative enterprises.

Whatever Co-operative Movement we are actively engaged in, whatever the country where Co-operation is developing, all co-operators are bound to a task of considerable importance. I know that the daily task is arduous, that we must fight against the dead hand of habit; I know that superstitions are still there and that fears must be overcome. But I am all the same convinced that we will succeed in demonstrating that the tangible strength of Co-operative ideas can become a lever for people elsewhere. Nevertheless, the success of the Co-operative ideas relies upon us in the first place, depending on our capacity to discover in ourselves the necessary will for developing Co-operation in our respective countries and, through our International Co-operative Alliance, in the world.

Of course, you all know that, and I must be forgiven for recalling it just at a moment when your Movement is recording a remarkable expansion, yet with its usual determination and fairness, is examining the conditions for future success.

It was not my intention to present to

you the French Co-operative Movement as an example when it set itself to the same task. Our Movement cannot be compared with yours, which is more developed. But as you yourself do, we do attach the highest priority to the necessity not to lose our soul.

Body and soul, two inseparables we feel. Without its body, its achievements, the Co-operative idea is just an idea.

Without its soul, a Co-operative is only a business, and sometimes a poor business.

Permit me, Mr President, and fellow co-operators, as I conclude, to convey to you my most sincere wishes for the success of the British Co-operative Movement, not only in your interests but in the interests of co-operators all over the world.

The Role of Co-operatives in Israel

by
Leonora Stettner

The economic and social structure of Israel is not only unique, as has been often remarked, but it is extraordinarily complex. For the casual observer it is almost impossible to unravel the intricate interrelationships between co-operatives, trade unions, State authorities, nationalised enterprises and private business which have transformed a largely nomadic desert area to a thriving highly developed agricultural and industrial economy largely geared to the welfare of its workers. The following pages are an attempt to help the interested outsider grasp the broad outlines of that structure.

1 STRUCTURE OF THE WORKERS' MOVEMENT

A Umbrella Organisations

1 HISTADRUT

The General Federation of Labor (Histadrut) differs markedly from most other labour federations in the world—both in the great variety of its functions and in its enormous influence on the social, political and economic character of the nation.

It embraces all the normal trade union activities—collective bargaining over wages and conditions of work, joint productivity councils, safety and hygiene committees, joint management boards, international relations and provision of extensive training and recreational facilities. These latter include residential workers' colleges, institutes for higher education, a university college of labour studies, 60 trade schools and vocational training courses, study circles, workers'

choirs and orchestras, folk dancing and singing groups, youth clubs and a wide range of amateur sports.

In addition Histadrut provides a number of social security institutions including provident funds (on the basis of individual enterprises), insurance (pension) funds (for entire sectors of the economy), the Workers' Sick Fund, accident and dismissal compensation, loans to needy members, old age homes and children's institutions.

Even more striking is the vast network of economic enterprises in agriculture, manufacturing, commerce and services for which Histadrut is responsible through Hevrat Ovdim. These are described below.

The influence of Histadrut on the new nation of Israel has been largely



Growing vegetables in the desert

based on these various activities, but its impact has also stemmed from the fact that as a workers' movement it provided the ideological basis for a socialist economy based on self-help, mutual aid and the non-exploitation of labour.

Membership of the Histadrut is open to all men and women of the age of eighteen and over earning their livelihood by their own labour. A worker joins the Histadrut directly, and through it becomes also a member of one of some forty national unions according to his or her occupation. Members' wives may also be full members, and young workers between the ages of 15 and 17

may belong to the Histadrut's Working Youth Organisation.

The Histadrut thus unites in a single organisation skilled and unskilled workers, members of co-operatives, other self-employed persons, housewives and working youth. Its adult membership comprised in 1975 some 1,286,000 workers, while the Working and Student Youth Organisation had some 100,000 members. In addition some 106,000 workers and 36,000 housewives connected with smaller labour organisations outside the Histadrut have joined its trade unions and Sick Fund. Thus some 2,360,000 or

63 per cent of Israel's total population take part in and benefit from the Histadrut's activities.

Membership dues are calculated on a progressive sliding scale according to income, an average of $4\frac{1}{2}$ per cent on the first I£2,800 of monthly earnings only. Some 75 per cent of Histadrut members pay their dues through a check-off arrangement with their employers. Dues consist of a single inclusive fee, two-thirds of which is directly earmarked for health and other social services, the remainder covering the budgets of trade union organisation, and cultural and other activities.

The Histadrut is a democratically run organisation with elected institutions at every level. The basic unit is the works committee in every enterprise. All Histadrut members in each district elect the local Histadrut branch—the Labour Council—while each union is governed by a Council elected by the union membership. The supreme institutions are the General Convention, the Council, the Executive Committee and the Executive Bureau. Elections are conducted on a proportional basis, and any group of members may submit a list, but lists are usually associated with national parties. Politically, Histadrut represents a wide segment of Israeli opinion.

2 HEVRAT OVDIM

The General Co-operative Association of Labor (Hevrat Ovdim) is the economic arm of Histadrut and as such it comprises the same members and the same governing bodies.

Although Hevrat Ovdim was originally conceived as a "co-operative workers' society for settlement, industry,

contracting and supply", its co-operative character has been somewhat diluted over the years. It now covers two basic types of organisation: (a) co-operatives run by their own members more or less autonomously although they allocate some 10 per cent of their profits to Hevrat Ovdim, and (b) "institutional" enterprises collectively controlled by Hevrat Ovdim on behalf of the working community. The co-operatives include kibbutzim, moshavim, Nir, Tnuva, Hamashbir Hamercazi, consumer co-operatives, producer and service co-operatives, Yakhin-Hakal Ltd, and Shikun Ovdim. The institutional enterprises are Solel Boneh, Koor, Bank Hapoalim, Hassneh, the insurance and pension funds and Kupat Holim.

In addition, the need for capital has prompted Hevrat Ovdim to enter into partnership with the government and/or private industry for the operation of a large number of "mixed enterprises". In these Hevrat Ovdim retains at least 50 per cent control of management and has the right to approve changes in by-laws, to remove items from the agenda of meetings, to appoint representatives to the management board, to resolve conflicts and to have the final voice on dissolution. Examples of such mixed enterprises are Mekorot, a national water supply company, and Zim Ltd and Nashon, both shipping firms.

3 NIR

The various co-operative activities in the agricultural sector are co-ordinated by an umbrella organisation, Nir Co-operative Society Ltd. Its status vis-à-vis the agricultural settlements was supposed to parallel that of Hevrat Ovdim in relation to its enterprises and

subsidiaries (see below), but in practice the agricultural settlements have proved to be far more autonomous than the Hevrat Ovdim institutional enterprises.

B The Agricultural Sector

Israeli agriculture operates predominantly through collectives (kibbutzim) or co-operative villages (moshavim) affiliated with Histadrut. Altogether there are over 600 such labour settlements comprising 212,000 individual members. These work land owned by the nation and leased from it, and all purchasing and marketing is done co-operatively. The central or apex societies and ancillary institutions of these collectives or co-operative villages are affiliated to Hevrat Ovdim, and each village is a corporate member of Hevrat Ovdim.

1 KIBBUTZIM

These are socialist communes practising completely collective production, consumption, education and social activities. Each kibbutz operates as a single economic unit. There is no private property, no payment of wages, no distribution of profits over and above communal consumption goods which are distributed to individuals according to needs. Most of the work is done by members and decisions are made by the community as a whole via committees in which over 70 per cent of the members participate. In 1975 there were some 94,000 people living in 230 kibbutzim.

Although the kibbutzim are primarily agricultural, they are, on an increasing scale, introducing industrial production into their economies. The motivation has been the need to utilise seasonally

unemployed agricultural labourers and to provide jobs for older members and for others as the need for workers declines with increasing agricultural productivity.

A recent study indicated that the performance of kibbutz industry is significantly higher than that of private industry in Israel in terms of productivity, profitability and management efficiency. Possible reasons for this include worker participation in management, the absence of pay disputes, the determination of production norms by work teams and the explicit ideology and moral values of the socialist communities with their stress on mutual care, responsibility and collective participation.

2 MOSHAVIM

A moshav differs from a kibbutz in that it is based on small holdings cultivated independently by each family, but within the context of the services provided by the co-operative village. These co-operative services include purchase of inputs and of a large part of the consumer requirements of members, sale of produce, joint financing and credit, water supply, tractor stations, incubators, etc., professional counselling services, educational, health and cultural services and mutual aid to members in need. Member families are allocated plots of land, leased from the State, which are equal in size and quality and cannot be divided, increased or rented. Inheritance is decided by the family, or failing that, by the village.

Because this form of co-operative farming has proved more acceptable to the wave of immigrants since 1948, the moshavim have been growing in num-



Swimming-pool in Kibbutz Ein-Harod

bers faster than the kibbutzim, and they now embrace 135,000 people in 378 villages. They account for 81 per cent of eggs marketed in Israel, 60 per cent of the poultry, and 50 per cent of the milk, as well as 34 per cent of all fruit plantations. On the other hand, moshavim are increasingly having to cope with the problem of the uneconomic size of the farms, and the unwillingness of young people to "stay on the farm" with the consequent need to undertake industrial projects.

These difficulties have led to efforts to combine the particular advantages of the kibbutzim on the one hand and the

moshavim on the other in a new institutional form known as *moshav shitufi*. This is similar to a kibbutz in that land is held and cultivated as a single unit, and work, management, responsibility, ownership of assets, education, sanitation, taxation, social and cultural activities and mutual aid are all handled collectively. Moreover equality of consumption is assured through the payment not of wages but of monthly allowances based on family composition. On the other hand each family lives privately and separately in a house allocated to it for permanent use, and women spend only a few hours

a day on collective work in addition to their private household chores. In 1972 there were 27 moshav shitufi.

3 CO-OPERATIVE MARKETING

Most of the agricultural settlements (kibbutzim and moshavim) are affiliated to the co-operative marketing organisation Tnuva. This is a secondary co-operative which markets farm produce in urban centres through its five regional marketing societies, undertakes dairy processing and operates over 100 industrial subsidiaries, branches and warehouses in connection with selling, packaging, purchasing, transport services and promoting industries for absorbing members' surplus produce.

The major problem confronting Tnuva is one familiar to co-operative movements in many countries—namely the conflicting interests of agricultural producers and consumers. Tnuva's pricing policies are under constant review by Histadrut and by the Government, but it is not easy to preserve a balance acceptable to all parties. Moreover there is the continuing threat whenever faced with a temporary supply crisis that members will sell to private wholesalers who offer higher prices.

4 CO-OPERATIVE SUPPLY

(a) *Hamashbir Hamercazi*, the Co-operative Wholesale Society, was set up as a supply co-operative to provide household and farming requisites in agriculture. It too is a secondary co-operative, a wholesale purchasing firm for farm settlements and consumer co-operatives. As such it is a large independent importer and acts as exclusive agent in Israel for many

important manufacturing enterprises throughout the world.

In early years *Hamashbir Hamercazi* was also active in manufacturing, but gradually its industrial enterprises have been taken over by Koor. Similarly it engaged in marketing activities for its members until Tnuva was separated from it as an independent marketing organisation.

Hamashbir Hamercazi owns a number of subsidiary companies including *Hamashbir Lazarkhan* in partnership with the retail consumer co-operatives; *Hamashbir Export and Import Ltd*, *Ma'avar Co Ltd*, a firm of customs agents providing port and bonded warehouse services; *Hamashbir Hamercazi Finance and Investment Co Ltd*; *Hamashbir Hamercazi Fodder Import Ltd* in partnership with the agricultural settlements; the *Groundnuts and Cotton Marketing Co Ltd* in partnership with Tnuva; and *Hzera Ltd* in partnership with the agricultural settlements for the production, import, selection and marketing of seeds.

(b) *Consumer Co-operatives*. The village settlements—kibbutzim and moshavim—are consumer co-operatives, or to be more precise, they are multipurpose co-operatives in which consumer co-operation plays an important role. In addition there are hundreds of more orthodox consumer co-operative stores in the towns. These are co-ordinated through seven regional groups and a central network of supermarkets and the Consumer Co-operative Union. They also have ties with Tnuva and *Hamashbir Hamercazi*. In 1970 the Consumer Co-operative Union and *Hamashbir Hamercazi* set up a joint company for

purchasing in their common fields of activity.

Like most consumer co-operatives in Europe and America, the Israeli consumer co-operatives have over the years wrestled with the problems of amalgamation and centralisation to increase efficiency and at the same time have tried to develop methods, including particularly employee training, to combat the apathy of consumer members and the decline of participation, direct democracy and ideological emphasis.

5 CONTRACT WORK

Yakhin-Jakal Ltd is a co-operative for agricultural contract work in villages. It operates primarily in citrus groves, but its activities also include work in packing houses, decorative gardening, vegetable growing and nurseries, land preparation and erosion control. It owns, together with Bank Hapoalim, a subsidiary known as Yakhin Plantations Co Ltd whose purpose is to mobilise capital abroad to finance citrus growing in Israel. Other subsidiaries have been set up for canning operations, production of pectin, and manufacture of wire-bound packing boxes. Permanent staff number over 900 and in addition there are 4,500 temporary employees.

C The Industrial Sector

Labour enterprises produce nearly 16 per cent of Israel's industrial domestic product, and range from the large Histadrut-owned firms in the basic and heavy industries, including metal, cement, glass, ceramics, plastics and chemicals, rubber and electrical equipment, all organized through Hevrat Ovdim under the Koor group of companies, to some 125 small pro-

ducers' co-operatives located in various parts of the country. Also included in the industrial category are subsidiary industries of the large agricultural marketing and wholesale societies, and of the Histadrut-owned agricultural contracting company.

1 KOOR

Koor is the largest industrial concern in Israel, accounting for about one-tenth of the country's industrial output. It is much more than a holding company, since it actively supervises all of its subsidiaries and provides them with a wide variety of centralised services. Through its industrial divisions (metal working, glass and ceramics, and chemical) it operates a large number of manufacturing and craft enterprises.

2 SOLEL BONEH

Histadrut's Building and Public Works Company is responsible for more than 25 per cent of all the building in Israel. Solel Boneh has carried out road building and public works, and has been a major factor in employment, co-operating with the Building Workers Union in training thousands of unskilled immigrants for building work. Its overseas division has undertaken extensive projects in a number of African, Mediterranean and Asian countries, mainly in large-scale development projects.

3 SHIKUN OVDIM

About one-third of Histadrut members, or some 400,000 people, live in workers' housing projects built by Shikun Ovdim. Most of these are fully equipped apartments 56 square metres or more, comprising living room,



*Kibbutz Na'an manufacturing sprinklers for export
Egg production in a Kibbutz*



dinette, balcony, two bedrooms, bathroom, toilet and kitchen. They form entire suburbs which are often organised as co-operative housing societies.

4 PRODUCERS' AND SERVICE CO-OPERATIVES

In 1972 there were, exclusive of the transport co-operatives, some 87 producer co-operatives, employing 2894 workers in wood and metal working, printing, construction materials, bakeries, cinemas, laundries, restaurants, garages, port services and cleaning.

Also Israeli passenger transport operates mainly through co-operative bus companies, *Egged* for inter-urban services and *Dan* for urban services. Together they employed 7750 members and 4200 hired workers in 1972. Recently the two services have been discussing the possibility of a merger. Increasingly these services are subject to public control through the Ministries of Transport and of Labour, partly because of the consumer versus producer conflict inherent in the determination of wages on the one hand and fares on the other. Road haulage co-operatives account for one-half of the country's haulage business, and employ 1500 workers. All of these transport societies purchase through a co-operative supply company which owns a tyre factory and a fuel marketing organisation.

Hevrat Ovdim has also played a significant part in the development of shipping and civil aviation. It is a partner in the Zim maritime company which has been mainly responsible for the building up of Israel's merchant fleet, and in the internal aviation service Arkia.

5 TE'USS

Jointly with the Government and some private capital, the Histadrut has formed a special company, Te'uss, to sponsor industrial undertakings in new development areas.

6 BANK HAPOALIM

The major financial institution of the working class, Bank Hapoalim, with 210 branches (1973), is the second largest commercial bank in Israel. Hevrat Ovdim has decisive voting rights at its general meetings and on its Board of Directors.

7 HASSNEH

Histadrut's insurance company Hassneh is the largest insurance firm in Israel. It operates in close co-operation with Bank Hapoalim and with Hevrat Ovdim enterprises.

D Social Security

The Workers Sick Fund (Kupat Holim) covers about 68 per cent of the population for medical aid, recuperation, payment for work days lost, medical care for mothers and children, preventive medicine, work accidents, hospitalisation, specialists, pharmacies and special institutions for the disabled and chronically ill. It operates a wide network of dispensaries, general and specialised hospitals and rest homes.

Costs of these benefits are covered by Kupat Holim's share in Histadrut membership dues, a tax on employers, insurance payments for illness and work accidents and government participation. Although these institutions operate with a large degree of autonomy, they are ultimately controlled by the Histadrut Executive Committee.

II IMPLICATIONS OF THE WORKERS' MOVEMENT FOR THE ISRAELI ECONOMY

Histadrut's agricultural, industrial and social security activities make a major contribution to the economy. They provide a living for almost one-fourth of the labour force. They account for over one-fifth of net national product, over two-thirds of domestic agricultural product and one-fourth of building activity. Consumer co-operatives supply one-third of the population. Co-operative bus transport has a virtual monopoly. Hassneh is the country's largest insurance company and Bank Hapoalim the second largest commercial bank. In general Histadrut is predominant in agriculture, heavy industry, public transport, construction, public works and social security, while the Government pre-dominates in services, general industry and ports, and private business in commerce, finance and personal services.

It would be a mistake, however, to measure the impact of Histadrut on the Israeli nation simply in these quantitative terms. It was noted at the outset that Histadrut's role has been quite different from that of other trade union federations throughout the world, and it is this difference which accounts for its pervasive influence on every aspect of Israeli life.

Histadrut is both co-operative and trade union. It is both employer and trade union. And as a pioneer in developing the nation long before the setting up of a State—Histadrut was founded in 1920, the State of Israel in 1948—it has a unique relationship with the Government and has exercised a

profound influence on its political, social and economic development.

Unlike most trade unions, the workers' federation was born into an extremely backward, sparsely populated and largely agricultural economy. Hence its purpose from the beginning was not to solve the problems of an *existing* working class, but to create and develop such a class as a free, co-operative workers' community.

In doing so it faced two paramount problems usually not encountered by new labour organisations. One was the fact that almost all its potential members were immigrants completely lacking in money and in the skills needed in a new country, so that the first priorities were to provide them with training and with jobs. The other problem related to the overriding need, which continues until now, to devote a significant share of economic resources to defence against external enemies.

In coping with these tasks Histadrut has from the outset been guided by its socialist ideology based upon the principles of co-operation, self-help, mutual aid and the non-exploitation of workers; and it is these principles which still underpin Government policy on almost every issue.

Indeed very many of the policies evolved by Histadrut over the years have now been adopted by the State and become part of the legislative framework, and the Government has welcomed Histadrut institutions as partners in their continued implementation. Major examples are the comprehensive labour code (on wages, hours, holidays, employment of women and youth, appren-

tices, nightwork, factory legislation, collective agreements and labour disputes), employment exchanges, various social security and health schemes, insurance, public housing and financial institutions.

This does not imply that there are no notes of discord in Israeli economic and social circles. There has always been, and there continues to be, endless discussion over such issues as producer versus consumer interests, co-operative versus Hevrat Ovdim and Government control of enterprises, centralisation

versus decentralisation, small-scale versus large-scale production, communal versus individual production and consumption, the use of hired labour in co-operative communities, worker participation in management and profits, and socialism versus the mixed economy.

Nevertheless there can be no doubt that because of Histadrut—both its ideology and its institutions—the Israeli economy is far more oriented to the needs and aspirations of the working class than almost any other mixed economy in the world.

The Evolution of the Co-operative Movement in Colombia

by
Dr Carlos Mario Londoño

Early Developments

In 1916 the first draft co-operative law was presented for the consideration of the Congress of the Republic, but did not get through. Sixteen years passed before the appearance of Law 132 in 1931, which until 1963 was the basic law governing the introduction of the Colombian Co-operative Movement. It allowed the Co-operative Movement certain privileges and controlled the whole structure. Three years later the first four co-operatives appeared, and new arrangements concerning exemption from tax and other advantages were made in their favour. The Movement gathered pace, especially with the creation of co-operatives within the large industrial undertakings, sometimes inspired by the employers and sometimes by the early co-operative leaders.¹

In 1943 the first National Co-operative Congress was held, which outlined the theoretical path of the Movement. From 1947 to 1952 co-operatives flourished, thanks to various provisions made by the National Government, although some of these proved not useful, such as the authorisation for the founding of an agricultural co-operative bank. In 1959 a law was passed enforcing the

teaching of Co-operation in colleges and universities.

The statistical position of the Movement up to 1976, according to figures published by the National Co-operative Inspectorate (Superintendencia Nacional de Cooperativas), a Governmental body for the financing and stimulation of co-operative development, was as follows:

<i>Year</i>	<i>No. of Co-operatives</i>	<i>No. of Members</i>
1933	4	1,807
1940	165	43,760
1945	284	63,229
1950	472	145,943
1960	425	234,392
1965	1,553	627,315
1970	1,527	982,229
1972	1,480	1,113,185
1973	1,563	1,185,542
1976	1,874	1,202,657

(It is possible that the 1976 figures may show some difference, in view of the fact that the first national co-operative census is being carried out, to show the actual position of the Colombian Co-operative Movement.)

As can be seen from the foregoing table, the peak periods of the Co-operative Movement as far as number of



Co-operative housing project in Medellin, of 288 units

societies and members were concerned, coincided with the periods during which legislation was passed, reorganising or strengthening the Movement (for example 1960 to 1965). The decrease in the number of co-operatives after 1965 is due to the policy laid down by the Co-operative Inspectorate of restructuring or in some cases liquidating co-operatives which were not functioning well.²

Legislation which has stimulated the Movement

From 1963 the Co-operative Move-

ment made notable progress, so that it was able to develop fully.

A wave of social agitation provided the appropriate setting for the national leaders of the Co-operative Movement to press the Government for new standards which would allow progress along the path of development. A series of decrees of supreme importance were passed in 1963 (Nos. 1587, 1598, 1660). Thanks to the first of these the Inspectorate was converted into a decentralised body, which has gained strength year by year. The second made possible the unification and progress of general

legislation. And the third opened the way to co-operative financing of the Movement, and laid the basis for the formation of its first banking establishment: the *Instituto Nacional de Financiamiento y Desarrollo Cooperativo* (The National Institution for Co-operative Finance and Development—*Financiacoop*).

The effect of these rulings was, in general, that co-operatives were considered, for all legal purposes, as organisations of public utility and social importance, and that thrift and credit co-operatives were regarded as regulators of interest rates.

Co-operative organisations at higher level were taken into account as consultative organisations for their particular branch of activities, and were given the right of representation on all official bodies with the aim of improving the economic, social and cultural conditions of the Colombian people, and especially the following:

- (a) The lowering of the cost of living of the middle, working and rural classes.
- (b) The defence of production in general, of labour, and the rationalisation of the market distribution mechanism.
- (c) The fixing of salaries.
- (d) The increase of thrift and the authorisation and regulation of credit.
- (e) The planning, financing and solution of the problem of social welfare, assistance and security.

During the past few years many specific provisions have been made for the assistance of various sub-sectors, such

as the co-operative colleges, about which more will be said later.

Co-operative Financing

Co-operative financing on the part of the State has been very satisfactory during the past few years. Up to 1969 the Republican Bank provided finance directly to those co-operatives possessed of adequate organisation. From that year onwards, financing took place through the National Institute for Co-operative Finance & Development (of which the author of this article was promoter, co-founder and General Manager for the first four years of its existence) to which more than 800 co-operatives, that is half the existing number, are affiliated. The rapid development of *Financiacoop* is due mainly to its strong basis and the great generosity towards it of the Government, which has also recently given it a grant through the *Banco de la República* of 250 per cent on its capital and legal reserves. This is the largest grant made to date for the furthering of co-operative activities, either in Colombia or in the whole of Latin America. Thanks to this unequalled stimulus, *Financiacoop* will be able to develop the Colombian Co-operative Movement under better conditions than any other body of a similar kind over the whole of our continental area. We trust that this grant will be continued, so that our aims may be realised.

The Movement also has other financing bodies, such as the *Unión Cooperativa Nacional de Crédito* with its 20 years of service to the thrift and credit sector, which is without doubt one of the most efficiently structured of the higher level organisations in the Colombian Co-operative Movement.

Working with this Union is the *Central Cooperativa de Desarrollo Social* (Co-operative Institute for Social Development), a secondary organisation which services not only co-operatives but also trade unions and other non-profit-making organisations.³

In addition to the above the State, through its various agencies, provides credit for co-operatives of all types. This dispersal tends to unnecessary multiplication of outlay and equipment. But attention must be drawn to the financial and promotional activities carried out by the *Banco Popular* (People's Bank) which relies on a credit co-operative directorate, advised by a committee made up of officials of the Bank, of the National Co-operative Inspectorate and of representatives from the Co-operative Movement and puts into operation credit, educational, technical assistance and promotional plans.

Co-operative Educational Research Institutes

The Co-operative Institute of the University of Münster (Fed. Rep. of Germany), in association with co-operatives from various Latin American countries, has carried out important co-operative work in our universities by helping to create co-operative research and educational institutes. Other German foundations, such as the Friedrich Naumann, the Konrad Adenauer and the Friedrich-Ebert, have also made effective contributions in this field. Thanks to their help, we have been able to found and develop several co-operative educational and research institutes in Colombia.

We had the satisfaction of creating in Bogota, in association with the distinguished economist from Münster Uni-

versity, Dr Wolfgang Frank, the first co-operative research and educational institute within a Colombian university (the University of Santo Tomás), which has done notable work and was the first organisation to carry out research on a scientific basis into the various sub-sectors of the Colombian Co-operative Movement.

Likewise in 1959, leaders of the co-operative thrift and credit movement set up an educational institute, now owned by the Movement, under the name of the *Instituto Universitario de Economía Social y Cooperativismo* (University Institute of Co-operative and Social Economics); this has made appreciable progress and is in process of becoming a university.

Sectors of the Co-operative Movement

There is no doubt that the *co-operative thrift and credit sector* in Colombia is "the most important, the most integrated, the best organised, and the one with the greatest growth and expansion indices. At the end of 1974 there were 579 specialist thrift and credit co-operatives in the country, and 180 multi-purpose co-operatives providing thrift and credit facilities for their members."⁴ They represented just over 38 per cent of the total number of co-operatives. This sector takes first place both as regards number of co-operatives and volume of membership; second place as regards total capital and third place in the total number of its transactions. The location of these co-operatives, 82 per cent urban and 18 per cent rural, is explained historically by the fact that they were organised by employers and workers of industrial undertakings in the principal

cities of the country, assisted by legislation which favoured the operation of co-operatives within industry.

Agricultural co-operatives are gaining strength all the time, although they are still small in number, amounting to just over 200, approximately 15 per cent of the country's total. According to Frank, they can be classified as follows:

Co-operatives with official institutionalised support:

- Coffee-growing co-operatives
- Agrarian reform co-operatives

Co-operatives without official institutionalised support:

- Agricultural service co-operatives
- Service co-operatives predominantly non-agricultural
- Production co-operatives

Of all these co-operatives, those with strong official support are those which have made most progress, as in the case of the coffee co-operatives. These amount to 45, with 100,000 members. In 1973 they marketed 289,000 tons, which fetched a total of 4,128 million pesos.

In addition there are the agrarian reform co-operatives, numbering 27, with 28,000 members. These belong to a central organisation, CECORA, and consist of production, services and marketing co-operatives. They have not made very great progress, and the Agrarian Reform Institute has therefore given more importance to the so-called Community Enterprises which, so far as Colombia is concerned, are bodies with little social content and a marked spirit of individualism.

The agricultural co-operatives without official support are the most numer-

ous, amounting to over 100, and are of three main types: supplies, marketing and credit.

The *workers'* and *production co-operatives* are very few, under twelve.⁵ Attempts are now being made to improve them and increase their numbers.

Although Colombia has two coastlines and many rivers rich in fish, *fishery co-operatives* are very few in number, although on the increase. There are at present 17, of which five are maritime and 12 inland. They have fewer than 1,500 members.⁶

In spite of the fact that *consumer co-operatives* were the earliest in the country (1934), they have not made as much progress as they should have done. In 1974 there were 244 with a total membership of 70,000. The greater part were situated within large industrial undertakings. Currently some *open* co-operatives are being developed, such as the *Unificada de Consumidores* (Consumers Union) in Bogota, which is rendering magnificent service.

The slow progress of the consumer co-operatives is caused mainly by State intervention through the *Instituto de Mercadeo Agropecuario* (Institute for Agricultural Marketing) which sells basic necessities to the general public at reduced prices, as well as by the many Family Allowance Offices (*Cajas de Compensación Familiar*) all over the country with their chains of supermarkets. On the other hand these co-operatives have been most unfortunate in their collaboration since the association which they created was dissolved after a few years.

Housing co-operatives appeared between 1936 and 1939, but their development has been very slow. In 1974 there were 41 with 11,000 members, as well as 56 multi-purpose co-operatives with housing sections: the latter had a membership of 36,000 and have constructed more than 6,000 dwellings. Of all the co-operatives mentioned, only three are genuine housing co-operatives; the remainder specialise in town planning, construction or administration.⁷

Notable efforts are at present being made through the Organisation for the Promotion of Co-operative Housing (*Promotora de la Vivienda Cooperativa*) and the Federation of Housing Co-operatives (*Federación de Cooperativas de Habitaciones*) which are the two organisations which promote genuine housing co-operatives in the principal cities in the country. At the same time some 'self-building' co-operatives are beginning to appear; hitherto housing co-operatives have traditionally been formed by the middle classes, as the State, through the *Instituto de Crédito Territorial*, has for the past 30 years built houses for the working classes.

Transport co-operatives number 171. In the majority of cases, the drivers are not the owners of the vehicles, and the services they provide for their members are limited.

Finally, there are 13 *specialist service*, 30 *industrial production*, 17 *artisanal*, 29 *student*, 11 *mining*, 128 unclassified by the Co-operative Inspectorate, and 202 *multi-purpose* co-operatives. The latter have the most capital and the greatest number of members. There is also one *insurance* co-operative, grouping more than 100 co-operatives, with an efficient

administration and making increasing progress.

Secondary Organisations

There are at present 7 national federations, as follows:

The Federation of Thrift & Credit Co-operatives (UCONAL)

The Colombian Co-operative Association (ASCOOP)

The National Federation of Rural Co-operatives (FENACOOOR)

The Federation of Housing Co-operatives (FEDECOOP)

The Central Organisation of Agrarian Reform Co-operatives (CECORA)

The Federation of Transport Co-operatives (FEDECOTRAS)

The Federation of Specialist Educational Co-operatives (FEDECECOL)

as well as a certain number of regional federations, of which the most important are:

The Central Organisation of Western Co-operatives (CENCOA—Agricultural)

The Co-operative Federation of Valle de Tenza (Agricultural)

The Co-operative Federation of San Gil (Agricultural credit)

The Central Organisation of Railway Co-operatives

The Co-operative Centre for Social Development (COOPDESAR-ROLLO)

UCONAL, in addition to what was said earlier, has six regional branches,

and provides numerous services for its members: insurance, guarantees, supervisory and auditing, administration, education and legal advice. It is certainly the federation providing the widest range of services, and with the greatest number of people experienced in co-operative activities.

The Colombian Co-operative Association was founded in 1960. It has at present 93 affiliates, including federations and auxiliary co-operative educational bodies. It would seem to be tending slowly towards a confederation. It provides for its members technical, educational and legal services; possesses a specialist library and a publications section. Its promotional activities have been considerable in various fields: financing, insurance, housing, consumer, transport.

The rest of the associations named provide fewer services for their members, although some of them are improving in this respect.

Current tendencies in Colombian Co-operation

The Colombian Co-operative Movement has the following goals: education, financing and planning. Concerning education, in addition to the organisations already mentioned, management training schools are being founded to provide training for all co-operative officials. There is already one in Medellín, and another is planned in Bogotá with the collaboration of Münster University, the Konrad-Adenauer Foundation and the trade union "Cooperación" of Spain.

A purely Colombian phenomenon, since they do not exist anywhere else in Latin America, are the *educational co-*

operatives. These are a new type of co-operative undertaking, and a new form of educational establishment within the Colombian system, which should spread to all developing countries. Fathers of families, through their own initiative, have over the past 10 years founded co-operative schools⁸; especially in the rural zones and in the suburban districts on the edges of the big cities. This type of co-operative undertaking will perform an important cultural function in our society, and similar organisations in the other Latin American countries would be of great benefit. There are at present more than 200 educational co-operatives in the various regions of Colombia.

Financing is another of the aims satisfactorily achieved by the Co-operative Movement, thanks to its great efforts through the *Instituto Nacional de Financiamiento Cooperativo*, and to the generosity of the *Junta Monetaria* and other official bodies. However further progress is needed, especially in the rural field, which requires co-ordination of the whole policy of credit, technical assistance, administration and marketing. The first steps have already been taken in this direction.

Finally, the Movement, as well as the National Co-operative Inspectorate, is directing its activities towards the planning of Co-operation. Already a national co-operative census has been planned which will show the present position. At the same time sectoral research studies will be carried out, and the first development plan drawn up by the Inspectorate is now being discussed.

All this activity is arousing a certain amount of criticism, which is an advantage, even though some comes from

certain people who have never worked in the Co-operative Movement and only see the negative aspects. However it is certain that there is a long path ahead before the whole co-operative sector can be integrated in a way to affect the national economy; although that this is possible can be seen from the

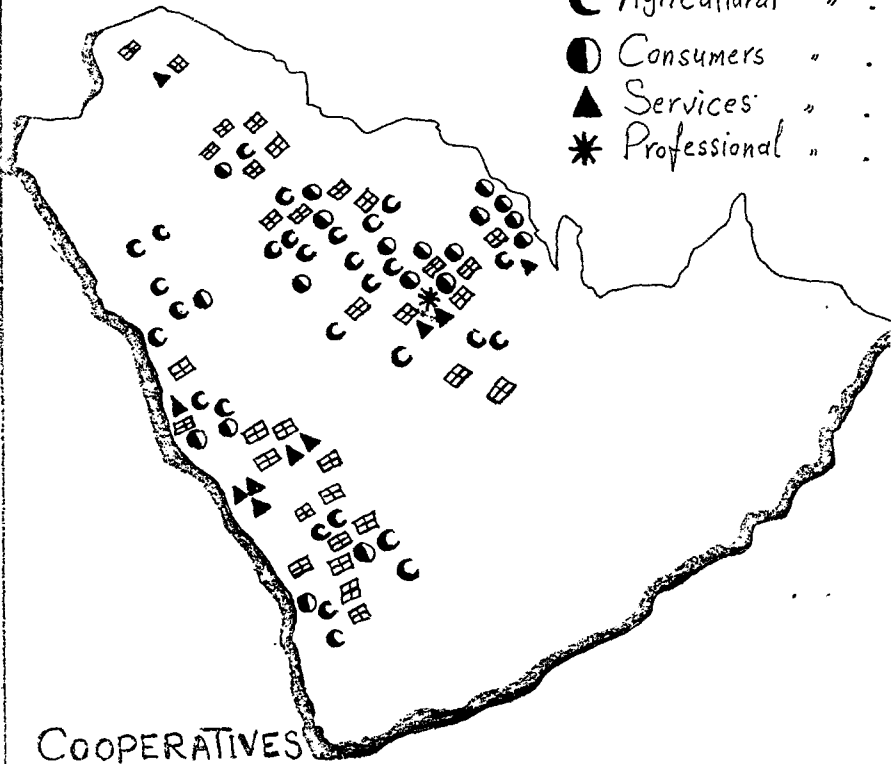
objectives so far achieved, provided that the Movement can plan, can impart education, and can attract all those folk who are coming to realise that the traditional economic system can guarantee neither justice, nor peace, nor can it satisfy the needs of the majority of the people.

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- ⁸For further information, consult *Los colegios cooperativos*: Maria Gilma de Becerra. (Economía Cooperativa No. 2). (Pub. 1975).

Items 6, 7 and 8 are published by the Institute for Co-operative Education and Research, University of Santo Tomas, Bogota.

- ⊞ Multi-Purposes Coops.
- ⊂ Agricultural " "
- ⊙ Consumers " "
- ▲ Services " "
- * Professional " "



COOPERATIVES
IN THE
KINGDOM
OF SAUDI ARABIA

Population: 2½ million
Area: 927,000 sq. miles

Co-operative Principles and Practices in Saudi Arabia

by
Magdi A. Algawad¹

Historical Background

Co-operation in the Kingdom of Saudi Arabia is part of the trust in GOD the Great, revealed to mankind through the Quraan to the Islamic nations. It is worthy to incorporate the true sense of His Word within the basic infrastructure of the co-operative movement: "*Co-operate for Welfare and Goodness*".

In spite of this fact, there were serious doubts among the thinking of leaders in the past as to whether modern co-operative philosophy can go hand in hand with the Quraan. This attitude was not altogether surprising because Saudi Arabia has been, and is still, changing and developing from a tribal to an urban community which considers agriculture and small industry as vital instruments for livelihood.

The spark of the modern co-operative movement in Saudia was fanned into a blaze at a quite recent date in its history, namely 1961 (1380 A.H.). Co-operation was born in Qurryet village during that year to provide villagers with consumer goods. Thereafter, the concept spread to Riyadh, the capital of the kingdom, where professionals formed a co-opera-

tive society. In the same year the Ministry of Labour and Social Affairs was established to promote the formation of co-operatives. Two years later, a Royal Decree was issued to pass the first State co-operative law, No. 26 for 1963 (1382 A.H.), through which formal recognition was given to the movement. The Co-operative Department of the Ministry of Labour and Social Affairs has done its utmost to give guidance and advice to the co-operatives, and to guarantee success and ensure factors of growth.

As time passed, the idea became more widely known, and the citizens themselves responded more positively to form various co-operatives to meet their pressing needs. Between the inception of Law 26 and the end of 1976, 99 co-operatives² were established with total share capital of more than³ SR.11 millions, to provide various services to almost 31,000 members.

The co-operatives that were formed carried out services to develop economic and social aspects through agri-

¹The author is a marketing expert in the Co-operative Department of the Ministry of Labour and Social Affairs, Kingdom of Saudi Arabia. *Ed.*

²Of the 99 co-operatives registered during this period, two amalgamated to form a new co-operative, while a third changed to become a charity.

³The unit of currency is the *rial*. There are approximately SR.10 to £1 sterling. *Ed.*

culture, consumer goods, multi-purpose, professional and other activities.

Co-operative Legislation in Saudi Arabia

The Saudi Royal Act No. 26 laid down the definition of a co-operative society, and limited the use of this designation to registered societies carrying out various activities and containing the term as part of the title. The Law indicated certain criteria:

- A. *Co-operatives to be registered under the provisions of this Act will be regarded as a legal entity, and be authorised to hold current and fixed assets, to contract for enterprises, and to take action in the courts.*
- B. *A minimum of 20 reliable citizens are entitled to form a co-operative and can obtain full recognition through registration by the Ministry of Labour and Social Affairs.*
- C. *The value of the share is fixed. Members of Co-operatives may hold a number of shares not exceeding 10 per cent of the total capital subscribed. Shares in the capital of co-operatives established according to Act 26 are not subject to seizure for debt.*
- D. *The General Assembly of each co-operative should elect out of its members an Executive Board consisting of at least three members, who will serve for a 3-year period initially, and be re-elected thereafter on a basis of release by lot and in turn, one-third annually. Members of the Executive Board will serve in a voluntary capacity. The General Assembly is the sole body delegated with the supreme authority to handle all activities relating to the co-operative. The Executive Board is entitled to convene the General Assembly at least once a year to endorse the general budget and the final accounts of the previous fiscal year, and to supervise the distribution of the surplus.*
- E. *All members of a co-operative have equal voting power in the administration of the affairs of the co-operative. When necessary, the Chairman of the Executive Board shall have the casting vote.*
- F. *The Ministry of Labour and Social Affairs is responsible for supervising the activities of the co-operative and ensuring that its management is in accordance with the basic requirements of Act 26. The said Ministry may offer grants to co-operatives to enable them to appoint accountants, construct premises, furnish the necessary supplies, back new productive projects, appoint a managing director, and encourage increased expenditure on community development.*
- G. *The surplus of a co-operative shall be distributed as follows: 20 per cent of the total to reserves; 20 per cent of the balance to dividends and not to exceed 6 per cent of the capital; 10 per cent of the rest for social aid; and the remainder as patronage refund.*
- H. *Act 26 authorised the Ministry concerned to dissolve the co-operative whenever: (i) total losses in one year exceed 50 per cent of the equities value; (ii) the number of shareholders declines to less than ten; (iii) the co-operative becomes involved in politics; (iv) the co-operative proves incapable of continuing its activities; (v) a majority of three-quarters of the*

General Assembly votes for dissolution.

Pattern of Saudi Co-operative Movement

The progress of the Saudi co-operative movement has been influenced, to some extent, by external developments in co-operative thinking and practice. However, the movement has been mainly oriented towards meeting the pressing needs of the people, and the growing demands that have arisen during the past decade.

Article 17 of Law 26 limited the role of the Ministry of Labour and Social Affairs to supervision. In other words, the Ministry must administer, develop and support socio-economic services, and also give guidance to help co-operatives contribute effectively to the overall development of the State.

The Co-operative Department established under the provisions of the Act has carried out its function by:

- (a) Extending co-operative ideas through various means of publicity, such as TV, radio, press, and also by establishing local libraries;
- (b) Giving guidance and assistance to citizens in the formation of co-operatives, and finalising registration formalities;
- (c) Studying and checking the socio-economic feasibility of projects prepared by patrons, and also providing technical assistance to on-going activities;
- (d) Following up the activities of co-operatives and continuing their supervision by means of Departmental Co-operative Field Units.

- (e) Assisting with finding solutions to problems and obstacles which may impede co-operative activities;
- (f) Running training centres, research seminars and conferences, to provide both further training and the exchange of views, to put further progress on a sound basis;
- (g) Auditing the general budget and endorsing the final accounts of co-operatives;
- (h) Offering financial assistance to enable co-operatives to fulfil their capabilities;
- (i) Co-ordinating systems of working, by providing general regulations, ledgers and other documents, in order to standardise work techniques.

Under the umbrella of Act 26, five categories of co-operatives were classified, as follows:

1. *Multi-purpose co-operatives* to handle various activities related to socio-economic development. There are 37 co-operatives operating in this field with share capital of almost SR.3 millions, providing services to almost 10,000 patrons. Among the services supplied are gas, fuel and oil, modern bakeries, transportation facilities, consumer goods, building materials, and other services needed to develop local communities, the total volume of such activities amounting to more than SR.5 millions.
2. *Agricultural co-operatives* to develop and increase agricultural production and marketing, as well as to provide members with agricultural requisites such as seeds, fertilisers,

insecticides and machinery. 29 co-operatives are on-going to provide services to more than 6,000 members with share capital of more than SR.4 millions. The volume of services rendered by such co-operatives was just under SR.6 millions.

3. *Consumer co-operatives* for distribution of goods, both retail and wholesale. There are 19 co-operatives, serving almost 13,000 members. A share capital of over SR.2 millions resulted in a volume of transactions of SR.5 millions.
4. *Services co-operatives* to provide members with the necessities of housing, transportation, electricity, schools, etc, with a work volume of SR.2 millions. There are 10 such co-operatives, with almost SR.1 million share capital and more than 2,000 founder members.
5. *Professional co-operatives* to assist professionals in certain fields to reduce costs of production and effect better marketing of their products. A single co-operative of this type exists, with capital shares of SR.230,000, serving 335 founder members through an integrated workshop for maintenance, lathe work and metal-casting, with a capacity of almost SR.350,000.

Financial Assistance to Co-operatives

Act 26 of 1963 provided for financial aid to enable co-operatives to expand to the full extent of their capabilities. The volume of such aid was calculated by the Co-operative Department on the basis of the co-operative's work and the effectiveness of its services. Total sub-

sidies endorsed in the five year plan commencing 1975/76 were estimated at SR.126 millions. According to this plan, six kinds of subsidies would be provided for co-operatives, as follows:

- (a) A single *building subsidy* to assist with building premises for the co-operative;
- (b) A single *supplies grant* immediately on registration, to assist the co-operative to commence operations;
- (c) Constructive aid to back *new production projects* and/or to develop on-going projects to increase production and related returns;
- (d) To assist in the appointment of an *accountant* to prepare the necessary accounts;
- (e) An *administrative development subsidy* to assist in the appointment of a managing director;
- (f) A *social services subsidy* to encourage co-operatives to increase expenditure on community development.

Planning and Follow-up

In view of the vital role of co-operatives in securing socio-economic development, the Ministry of Labour and Social Affairs has prepared a five-year co-operative plan 1976-1980 within the State plan. Among the plan's important targets are the following:

- (a) To double the number of co-operatives during the period of the Plan, by the formation of new co-operatives for production, marketing, housing, fisheries and the handicapped;
- (b) To establish regional co-operatives, two of which would be concerned

with supply, and finance and accountancy;

- (c) To extend the Department's co-operative field units to provide supervision and guidance to local co-operatives;
- (d) To support the main staff with capable and experienced personnel;
- (e) To develop and maintain training and educational programmes; also to organise seminars and regional conferences for co-operative leaders;
- (f) To offer financial aid to support the activities of co-operatives;
- (g) To provide incentives to boost constructive competition among leading co-operatives;
- (h) To activate programmes of co-operative cultural propaganda and publicity through periodic magazines, and television and radio programmes;
- (i) To assist in establishing libraries, both central and local in each co-operative.

Socio-Economic Development and the Role of Co-operatives

The distinguishing features of co-operative activity, together with their increase in number all over the Kingdom of Saudi Arabia, are milestones on the path of development.

It is worth noting that the basic achievement of the Saudi co-operative movement is the integration of socio-economic services to local communities, as follows:

- (a) Development of the local environment (road lighting and paving,

planting of trees around villages, filling in ponds and old wells);

- (b) Urgent reshaping of sites for mosques;
- (c) Social welfare for the handicapped;
- (d) Cultural services through libraries, youth clubs;
- (e) Health services;
- (f) Educational services through kindergarten schools;
- (g) Agricultural extension services;
- (h) Cash aid to face emergencies;
- (i) Provision of agricultural requisites of seeds, fertilisers, insecticides, machinery, fuel;
- (j) Stabilisation of retail prices of consumer goods, and provision of services for patrons;
- (k) Training in accountancy and financial affairs, and in the use and maintenance of agricultural machinery and other farm equipment;
- (l) The building up of self-confidence through the achievement of successful results; and
- (m) The development of initiative to respond positively to new innovations.

Characteristics of the Movement

One of the basic characteristics of the Saudi co-operative movement is that it provides a favourable climate for the operation of developed co-operative business. The maintenance of peace, law and order, financial support and religious stability, are fundamental tools for the rapid development of the co-operative movement. This atmosphere was built up in the pursuit of close understanding and unity of thought, to investigate the

possibility of successful investments through co-operatives. However, experience has shown that the native contribution to productive enterprises, both qualitative and quantitative, has assumed primary importance.

Successful achievements in poultry raising, improved agricultural practices,

the extended use of farm machinery, the provision of consumer goods, services, fuel, gas, electricity, building materials and kindergartens, are all successful examples. The total funds used in the operations handled by the various co-operatives to date (1976) totalled almost SR.20 millions.

Research Register of Studies on Co-operatives in Developing Countries — A Basic Tool for Development

by
S. Dandapani and Paul Derrick

The International Co-operative Alliance has long believed in the usefulness of co-operative research undertaken by co-operative movements, by their research institutes, by Government Departments, by universities, research institutions and a wide variety of institutions and international organisations anywhere in the world collected, collated, classified, annotated and made available to users as a tool for development. This has the added merit of avoiding duplication and consequent wasteful effort. It was felt at the end of the 1960s that this co-ordination and integration of co-operative research was particularly important in relation to co-operative development in developing countries.

At the UN General Assembly in December 1968, a resolution was approved calling for co-operative development in developing countries and this was reinforced by a similar resolution by the UN Economic and Social Council in June 1969 and by a resolution at the 24th ICA Congress in Hamburg in September 1969 which identified the seventies as the Co-operative Development Decade in association with the

United Nations Second Development Decade. As a part of this commitment, the ICA Executive Committee in 1971 asked the ICA Research Department in London to explore the possibility of collecting, collating, and publishing information on co-operative research in a Research Register, as there was not at that time any central record of research on co-operatives.

A seminar was held in Warsaw in June 1972 with representatives from co-operative movements and development institutes in sixteen countries and from the ICA and ILO; and it recommended that a Working Group should be set up and that it should meet in Warsaw in October 1972. The Co-operative Research Institutes in Poland and Hungary offered to collaborate with the ICA in producing such a Research Register as a contribution to the Co-operative Development Decade, with the Polish Institute collecting and classifying such information on co-operative research and the Hungarian Institute collating, indexing and printing it.

Accordingly a "Directory of Organisations Engaged in Co-operative Research" was published by the International Co-

operative Alliance, in association with the Co-operative Research Institutes in Poland and Hungary, in December 1973 and it was followed in December 1975 by the first issue of the Research Register, a selected bibliography covering the years 1968 to 1972—entitled “Research Register of Studies on Co-operatives in Developing Countries”. It had been hoped that the Research Register would be published every six months but the second *Bulletin* did not appear until November 1976. It covered the years 1973 to 1975 and was entitled “Research Register of Studies on Co-operatives in Developing Countries: Bulletin of Abstracts”. The third *Bulletin* was with the printers in May 1977 and the fourth will follow as soon as possible.

The *Bulletins* are published in English with the title of the book, report or article also given in the language of the country of origin; and with the name of the author, publisher, date and place of publication, the number of pages, the International Standards Book Number in the case of a book and a summary of what the book, report or article is about. Some unpublished research papers are also included but the bulk of the material has been published. The Register is indexed by author, country and subject and ends with a list of correspondents supplying the material.

By the year 1976, it was thought that it would be useful to consult the people who were being sent the *Bulletin*, free of charge, about its usefulness and scope and about the ways in which it could be improved. A questionnaire was accordingly sent out both to the people who were being sent the *Bulletins*, and to those supplying the information. The replies to this questionnaire were col-

lated and a meeting of the Advisory Group, which had been formed to advise on the publication of the Research Register, was held in London on 3rd-4th May 1977.

The replies to the questionnaire indicated that a number of problems had arisen in connection with the production of the Register. One was that a number of people who had been sent copies had not personally received them—though they could in some cases have been delivered to the organisations for which they worked. Another problem was that costs had been increasing both in Poland and Hungary. A third problem was the question of languages and whether it would be possible and desirable to print the titles or the abstracts in the Register in other languages as well as in English in the same volume or in some kind of supplement. Fourthly, there was the question of the scope of the Register. It had been originally intended that the word “research” should be interpreted in a reasonably broad way so as to include information of a specific and practical kind likely to be of value to co-operators in developing countries, but exclude material on related matters such as land reform, multi-national corporations or world trade not directly related to co-operatives and also detailed and localised information such as educational materials, directories and annual reports.

The Register was planned to cover research about co-operatives in developing countries whether it was actually undertaken in the developing countries themselves or in other countries; but to exclude research undertaken in industrialised countries in respect of co-operatives in those countries. Much research undertaken in industrialised

countries, such as market research, may be of interest only to co-operatives in those countries; but other research on co-operatives in industrialised countries can have a wider interest. It was argued by some that if the Research Register covered general co-operative research in industrialised as well as developing countries it would be of wider interest; and that it might be possible to reduce the cost of production by printing substantially more than 700 copies of each *Bulletin* and selling a proportion to universities and research institutions in industrialised countries.

Another problem was that the supply of information on co-operative research was better from some organisations, such as ILO, ICA Offices in New Delhi and Moshi and CIRCOM, than from others. Another was that there was some uncertainty about how useful the people to whom the Register was sent were finding it. Two hundred questionnaires were sent out but out of the 65 replies, only 36 were complete and from people who had received copies of the Register. Of these four people referred to it frequently and 22 or about 61 per cent did so occasionally. Sixty-one per cent of those using it were either research workers or library staff; and 8 per cent of those replying thought the Register was "excellent" while 64 per cent thought it good.

Many of those replying made suggestions about improving the Register: for example, that Asia could be more fully covered, that research in progress should be included and that the inclusion of research on co-operatives in industrialised countries would make the Register more useful to co-operators in developing countries. Fifteen out of the 36

people replying gave various reasons for believing that there was a strong case for broadening the scope of the Register and 31 per cent of them were prepared to pay the full cost while a further 19 per cent were prepared to pay part of the cost of such an expanded *Bulletin*. Of those questioned, 42 per cent were prepared to pay the full cost of the *Bulletin* in its present form and 19 per cent part of the cost.

At the meeting on 3rd-4th May 1977, Dr Kowalak, Director of the Co-operative Research Institute in Warsaw indicated that his Institute would not be able to cope with the volume of work that would be required if the Register covered all co-operative research in industrialised countries as well as in developing countries. Dr Gyenes of the Co-operative Research Institute in Budapest said that he was happy to say that the Hungarian agricultural co-operatives as well as the consumers' co-operatives and the industrial co-operatives were now prepared to support the production of the Research Register during the 1980s as well as for the remainder of the 1970s and that this generosity of the agricultural co-operatives had solved the financial problem that had been faced by his Institute.

During the discussion at the meeting, Professor Aziz of ANGKASA, Malaysia (the only representative from a developing country present at the meeting) suggested that there was no need for too hard and fast a line to be drawn between research in industrialised countries on the problems of co-operatives in developing countries and co-operative research in industrial countries that was relevant to the problems of co-operatives in developing countries. He suggested

that the scope of the Register might be adjusted to make it of practical value to co-operators in developing countries—and at the same time of interest to universities and research institutions in industrialised countries. Others at the meeting argued that there should be a reasonably flexible interpretation of the word “research”, some suggesting that the inclusion of the word “studies” in the title indicated that it might include books or reports that provided useful information without necessarily being regarded as original research.

At the meeting, the appreciation of the international co-operative movement was expressed to the Polish and Hungarian movements for the way in which they had said they would continue to support

the Register not only during Co-operative Development Decade but also into the 1980s. Considerable attention was paid to the possibility of making the Register available to some extent in languages other than English and another matter receiving attention was the updating of the Directory.

The Research Register of Studies on Co-operatives in Developing Countries was conceived as a tool for development and it is now taking shape. The Co-operative Research Institutes with their dedicated staff are trying to better their best. The contributors and users have a big role to play—contributors to give all they can, and the users to take all they can.

Some Aspects of the Co-operative Movement of the Federal Republic of Germany

The 1977 meeting of the ICA Central Committee
will be held in Hamburg,
and as is our custom,
we have devoted a section of this *Review*
to the co-operative movement of
the host country.





Continuity in a New Framework

by

Horst van Heukelum

Chairman of the Board of Management,
Coop Zentrale, AG, Federal Republic of Germany

The results of two years of intensive work would seem to justify the optimistic conclusion that the consumer co-operative Group in the Federal Republic of Germany still stands a good chance in the last quarter of this century of achieving its traditional co-operative objectives against competition.

Crisis and Reform

During 1974 certain sections of the Coop Group began to emit crisis signals. These carried the threat of a frightening stagnation which necessitated immediate action if the fabric of the Movement, with its many strong characteristics, was to be maintained and strengthened. Everything possible had to be done to overcome "structural" obstacles. The general public—including the international public—was vehemently concerned about the future of the Coop Group. The Group had to find clear solutions to manifold problems.

In addition, the losses incurred by several large retail societies and the wholesale society in the years 1973 and 1974 caused concern because of the

Group's fragmented liability basis. Although the losses were covered by open and hidden reserves, this nonetheless signified the weakening of the fabric of a group of enterprises which, with its 8% share of the national market in foodstuffs and provisions, was compelled to make large investments to maintain its position. In a situation of increasing competition, self-financing of investment from surplus is limited. Each new investment carries additional risks, especially in those types of enterprise with long-term prospects. The total own capital of all consumer societies—members' shares and open reserves—had already dropped, between 1960 and 1973, from 30 to 19 per cent of their combined capital.

We believe that co-operative objectives can only be pursued with economic success if our Group continues, in the 80s, to be among the top five enterprises which between them share 50 per cent of the national market. Co-operatives are condemned to impotence if they cannot safeguard their investment policies with a flexible capital basis.

In the Federal Republic there is only

*Left: Shopping at the Coop
Südbayern store, Munich*

one large consumer co-operative, Coop Dortmund, whose position in this competitive field has enabled it to continue to pay dividends to its members. It has been able to maintain the balance between material and ideological requirements, and can count on increasing membership and capital resources. All other consumer co-operatives have, with the abandonment of dividends enforced by competition, suffered decreasing membership and a fall in capital resources. The links of members with their co-operatives have also weakened and been reduced to purely formal relationships, with consequent negative effects on control by the members. By the time of the crisis of confidence in 1974, it had become impossible to re-establish, in the short time available, the strong competitive position necessary to regain stable member relations. The way back was blocked.

Reduction of Risks through Co-operation

An analysis of the mistakes of the past only makes sense if it helps to avoid faulty decision-making in the future. The Coop Group of the Federal Republic has not, during the past ten years, realised the production opportunities inherent in centralised co-operation. Policies of individual enterprises were regionally orientated, in a situation where competition was increasingly conditioned by national strategy.

The possibilities of centralised buying and production were not intensively used. The result was that the wholesale society did not function economically, and the situation was made worse by a lack of co-ordination of its policies with

the retail societies. The image of the Group and its enterprises, in the market and in the field of distribution, was not consistent. Too much effort was wasted, and the development and risks involved in innovations frequently proved costly. Personnel and scarce capital could not be used with maximum effect for the promotion of co-operative objectives. The co-operative movement had lost the ability to adapt itself to current conditions. While each co-operative defended its own programme, the co-operative movement lost a lot of ground to private competition.

Changes become Visible

With the beginning of 1975 Coop Zentrale Aktiengesellschaft in Frankfurt/Main took up its work. It was the new body for centralised co-ordinated decisions in the Coop Group. It functioned in the first place as a stabiliser of development by using its basic capital of DM 100 millions (shortly to be increased to DM 150 millions) to strengthen the co-operatives' own capital and free them from accrued losses. Thus the enterprises regained a stable basis for development.

Coop Zentrale introduced a programme for the elimination of economic weak spots, which bore its first fruits in 1976. Losses are far from being completely eliminated, but a general improvement in returns can be observed. Retail societies have begun to develop assortments of related goods which take into consideration their own production, and this has already led to an improvement of their bargaining positions with private enterprise and brought considerable economic advantages. Development of new outlets has been



Co-op Südbayern, Munich – the Co-operative Centre

safeguarded by mutual agreement, and the shops' ancillary services have been standardised and rationalised. The first supra-regional advertising campaign with uniform presentation has taken place. A national system of information, planning and control is being built up which will dispose of the everlasting argument about the efficacy of individual planning, by substituting a system of evaluation based on facts.

The structure of the wholesale society, now Coop Handels-und Produktions-AG (formerly GEG), has been reorganised and rationalised, and its facilities are made better use of by the retail societies. However its possibilities, which have been considerably changed, are still not fully used, but in 1976 the wholesale

society for the first time for many years was able to balance its budget, although there was still no surplus.

Fixed Objectives, Efficient Means

These first successes would not have been possible in a space of two years without centralised decision-making. However all the societies in the Group also have great flexibility, to allow for immediate reaction to changes in the competition. What has to be centrally organised for economic reasons, is organised centrally in order to strengthen the effectiveness of the Group—to produce lower costs and more competitive prices.

In Coop Zentrale AG, we have created the new competent authorities,

holding not less than a 51 per cent share in the capital of the retail societies and the wholesale society. To date, Coop Centrale has acquired majority holdings in the following retail societies (1976 turnover in brackets):

Coop Bremen (DM 380 millions);

Coop West AG (DM 1,300 millions)
—created by the merger of Coop Rheinland, Coop Essen-Duisberg and Coop Gladbach;

Coop Rhein-Main AG (DM 700 millions);

Coop Schwaben AG (DM 900 millions)—created by the merger of Coop Stuttgart with several medium-sized co-operatives;

Coop Südbayern (DM 300 millions).

Approximately 44 per cent of the retail trade turnover of the Coop Group, which reached DM 9400 millions in 1976, now comes under the influence of Coop Centrale policy.

Coop Handels- und Produktions-AG, Hamburg (DM 3400 millions), together with its numerous specialist subsidiaries in wholesale and production fields, also forms part of Coop Centrale. There are also various subsidiary societies operating specialised service functions, such as insurance, data processing and organisation, estate agency, shop planning, leasing.

All these enterprises have become part of a system whose management and efficiency are controlled by Coop Centrale. We believe that, under the competitive conditions existing in our country, this system gives us the best chance of providing consumers with an effective service. We hold discussions with all those undertakings not yet affiliated to the central system, in the

hope that they also will join us. During the past two years, successful enterprises have largely withdrawn their fundamental objections to reform. It has been recognised that co-operative objectives cannot be achieved with restricted capital, and that the support of efficient supra-regional systems is necessary.

Legal Reform and the Creation of New Strength

The legal form of a co-operative does not permit a centralised enterprise to hold a majority share of capital with corresponding centralised control. A decision by a co-operative to take advantage of the centralised system is therefore bound up with the necessity of transforming the co-operative into a stockholding company. This is legally possible if 90 per cent of the members' representatives opt for such a transformation, after being convinced that economic conditions make it necessary. There has been no case in which the members' representatives have rejected the decision of the Board of Directors in this respect.

To speed up integration, regional consumer societies have in some cases formed a stockholding company in conjunction with Coop Centrale, to which all the business activities of one or more co-operatives have been transferred. The co-operative which is to be transformed into a stockholding company is then merged with the stockholding company already operating within the Coop Centrale system. The members of transformed co-operatives receive two company shares for each co-operative share. The value of their holding is thus doubled because they are

contributing to the growth of the intrinsic value of the enterprise. They then receive the usual market interest on their company shares, and have a voice in their enterprises on the basis of a minority share of 49 per cent of capital.

Who gave Coop Zentrale authority to exercise control in the interests of the consumer over 51 per cent of capital, i.e. to have the majority vote? The basic capital of Coop Zentrale AG is at present held as follows: 40 per cent by the consumer co-operative federations BdK and RdK (auditing union); 40 per cent by the trade unions of the Deutscher Gewerkschaftsbund (German Trade Union Federation—DGB), and 20 per

cent by the central co-operative organisations of Sweden, Denmark and Switzerland. All these organisations are particularly well qualified to defend consumers' interests through economic undertakings.

Where does the Difference lie?

We want to preserve the continuity of co-operative objectives under new forms. In a special situation, which exists only in our country, we wanted to find a practical answer to meet our economic situation and also the expectations of consumers. What has changed?

1. For the past hundred years differ-

SB Plaza Department Store, Kiel



ences of opinion have existed within the co-operative movement as to whether consumer co-operatives should serve primarily the individual interests of their members or the collective interests of the general public. While consumer co-operatives paid dividends, they served the individual interests of members. If they no longer give members preferential treatment, if they are effectively competitive, and if there is no private appropriation of profit, they are directly serving the general public. We say that today the objectives of co-operative and commonweal undertakings have merged.

2. The policy of the Commonweal (*Gemeinwirtschaft*) undertakings, which include the Coop Group, has been described in a document issued by the Deutscher Gewerkschaftsbund (Trade Union Federation—comprising 16 individual trade unions with about 7 million members) in 1972: *Ziele und Funktionen der gemeinwirtschaftlichen Unternehmen* (Aims and Functions of the Commonweal Enterprises), which is to be dis-

cussed again next year by the Federal Congress. Through their participation in Coop Zentrale AG, the democratic trade unions, together with the consumer co-operative federations, control our economic aims in the general interests of the consumer. Our particular experience convinces us that such collective control is more efficient than the fragmented control of members who no longer have close contact with their co-operative.

3. When the Coop Group regains its competitive position in our country, we shall try to interest the shareholders — ordinary men and women—in taking an active part in new consumer organisations. In this way we intend to combine individual and collective consumer interests in order to safeguard our long-term objectives.

We believe that, in this structure which we have developed, we have found an adequate answer to the challenge of a specific historic situation. The world co-operative movement has always been characterised by its unifying concept and the plurality of its forms.

The Raiffeisen Movement its Growth and Present Position*

by

Werner Schiffgen

Secretary, International Raiffeisen Union

Friedrich Wilhelm Raiffeisen (1818-1888), a modest country mayor in the Westerwald, not far from Bonn on the Rhine, has given his name to what is today a world-wide organisation. The 150th anniversary of his birth was celebrated on 30th March 1968 in the small Westerwald village of Weyerbusch where he was mayor, and on the same day, the International Raiffeisen Union, now comprising 58 members in 32 countries, was founded at Neuwied on the Rhine.

There was famine in Westerwald, following the failure of the harvest in the exceptionally severe winter of 1846-47. With some of the better-off people, Raiffeisen established a "Bread Society" to cope with the famine and subsequently, with the Society's help, he procured agricultural necessities and raised credit. In this welfare society there was already an element of communal self-help, as Raiffeisen also brought in the poor. This was the first stage on the road to co-operation, for from it, in Raiffeisen's own words, sprang the co-operative idea which eventually gave rise to the savings and credit co-operatives.

It is important to recognise that, apart from the acute need of the moment,

there existed a permanent state of poverty, because of the people's inability to obtain credit. In 1849, Raiffeisen formed a self-help union in the neighbouring village of Flammersfeld which started by

buying cattle, but soon undertook to provide loans for all sorts of purposes. The cattle-buying society was turned into a credit co-operative with unlimited liability, the members giving a statutory undertaking to guarantee with their entire assets the money required for the credit co-operative.

This was the second stage.

In 1854 the Heddesdorf Welfare Society came into being, also to meet the people's need for credit, but having in addition wider social purposes. In the course of the next ten years, it became evident that economic functions did not combine well with various social welfare functions in one and the same society,



*Friedrich
Wilhelm
Raiffeisen*

*The German Raiffeisen Movement celebrates its 100th anniversary on 2nd June 1977.

whose members consisted of better-off people, not in need of loans but rather in a position to hand out credit. The enthusiasm of the benefactors began to wane and the borrowers did not do their share of the work.

Raiffeisen was forced to recognise that, in the long run, only self-help pure and simple really worked. He dissolved the Welfare Society and, in 1864, formed in its place the Heddesdorf Loan Association in which, according to the rules, every borrower had to be a member. This was the third decisive stage towards co-operation in the modern sense, even though there was as yet no co-operative law; from the welfare organisation giving help from outside had arisen a communal self-help organisation—a co-operative society. The groundwork was thus laid for the later type of co-operative organisation, the local society.

In 1866, Raiffeisen gathered together his experiences over the years into a book entitled: *Die Darlehnskassen-Vereine als Mittel zur Abhilfe der Noth der ländlichen Bevölkerung sowie auch der städtischen Handwerker und Arbeiter—Praktische Anleitung zur Bildung solcher Vereine, gestützt auf sechzehnjährige Erfahrung als Gründer derselben* (Loan Associations as a means of helping the rural population and urban artisans—practical instructions for the formation of such associations based on the founder's sixteen years' experience). Raiffeisen's book shows that the Loan Associations which he founded had reached a definite stage of development. When the co-operative law was subsequently introduced, the co-operatives were already there, but the law gave them legal substance and form. With the passing of the

Co-operative Law of 27th March 1867, the last stage in the history of co-operation was reached.

The expansion of the co-operatives and the practical work entailed called for the stage-by-stage creation of an organisation. Raiffeisen turned the local credit societies into shareholders with unlimited liability of central banks (1872 and 1874), which in turn were shareholders in an apex bank (1874), which was replaced in 1876 by the *Landwirtschaftliche Central-Darlehnskasse für Deutschland A.G.* Raiffeisen rounded off the three-stage structure of the co-operative organisation in 1877 with the *Anwaltschaftsverband ländlicher Genossenschaften* (Agency Union of Rural Co-operatives) which looked after the societies and supervised their trading operations.

A similar system developed with regard to goods assortment. There was a need for the supply of agricultural requisites on a communal basis which, as in credit business, called for advice and guidance and also necessitated the setting up of a centralised settlement organisation. Accordingly, in 1881, Raiffeisen founded the firm of "Raiffeisen & Cons." which acted as a central commodity depot.

The Agency Union, the financial institutions and the commodity depots were the forerunners of today's audit unions, central banks and central commodity depots. Autonomous regional unions came into being which in turn set up central banks and warehouses to serve their own areas. Later on, a new apex union, the *Generalverband der deutschen Raiffeisen-Genossenschaften e.V.* grew out of the Agency Union.

Wilhelm Haas (1839-1913) formed his

own large co-operative organisation, working in the beginning in conjunction with Raiffeisen, and then independently of him. In 1930, both unions were combined in Berlin in the "Reichsverband der deutschen landwirtschaftlichen Genossenschaften — Raiffeisen e.V." In 1938 it had a membership of over 40,000 societies.

Rural co-operatives in the present Federal Republic of Germany had to care for the reconstruction of their organisation after World War II. The economic development of rural co-operatives in the following years, firmly

based on co-operative rules and principles, went hand in hand with the economic development of other enterprises, and after the monetary reform in 1948 experienced a quick expansion.

Today the German Raiffeisen Association still keeps the three-tier structure created by Raiffeisen. At the local (lowest) level there are primary societies; at the regional level, regional unions with their centres; at the Federal (top) level, the German Raiffeisen Association and its special departments headquartered in Bonn.

Structure of the German Raiffeisen Association

German Raiffeisen Association	5 National Commodity Institutions
11 Regional Unions	65 Regional Commodity Centres
9,275 Raiffeisen Commodity and Service Co-operatives; 4,412 Commodity Co-operatives; 1,621 Service Co-operatives; 3,442 Multi-purpose Co-operatives.	

The Raiffeisen organisation tried, and succeeded, in meeting the challenges caused by the need for economic development in several ways. First must be mentioned the radical concentration which took place within the movement. The total number of Raiffeisen agricultural and service co-operatives (co-operative centres, agricultural co-operatives, service co-operatives) decreased from 21,261 to 9,340 in the period 1948-1976, i.e. more than half were dissolved or amalgamated. A decrease of about 67 per cent was recorded for Raiffeisen savings banks dealing in goods, as well as dairy co-operatives, and a decrease of about 54 per cent for purchasing and marketing co-operatives.

The total number of members increased from 3,674 million to 4,280 million during the 1966-1976 period, and the total turnover increased from 26,901,000 million to 58,765,000 million marks in the same period. The number of persons employed was 150,000 in 1976. Between 1948 and 1976 18,000 million marks have been invested.

The position of rural co-operatives in the agricultural market for supply and demand in 1976 is illustrated by the following figures:

Total turnover of agriculture	53%
Milk supply	79%
Cereals sales	52%
Vegetables sales	49%
Fruit sales	27%



Central Co-operative, Kiel – Animal feeding-stuff complex

Wine sales	33%
Commercial slaughtering:	
Pigs	21%
Cattle	20%
Feeding stuffs supply ..	66%
Purchase of fertilisers ..	62%
Purchase of machinery ..	34%

The 9,275 rural commodity and service co-operatives (including 3,242 credit co-operatives dealing in commodity) had a turnover of 55,000 million marks in 1976 within the co-operative commodity sector. The share of co-operative commodity trade in the turnover of agriculture was 53% (the rest was distributed on sales of agricultural pro-

ducts to consumers, processing enterprises and turnover with trade).

Within the three-tier structure of co-operatives, regional commodity centres are particularly significant as they take over and execute more and more of the tasks of their affiliated local co-operatives and enter new sectors of activity. They are the ones which, with their large financial resources, organise the use of machines in common, set up and run operating units and enterprises, such as repair workshops for machines and tools, foodstuff mills, slaughterhouses, egg-packing centres and main wine storehouses. Electronic data processing facilitates economic relations

between local co-operatives and their co-operative centres, and improves the efficiency of both.

In addition to the central co-operative banks and the German Co-operative Bank which is a financial institution on a national level, there exist five national institutions in the commodity sector:

German Raiffeisen Commodity Centre in Frankfurt, German Dairy Central Office and Raiffeisen Seeds Imports in Hamburg, National Association of Fruit and Vegetable Producers' Organisations and Wine Selling Central Office of German Winegrowers' Co-operatives, all of them headquartered in Bonn.

A specific characteristic of co-operative activity is the interlinking system (*Verbund*) with its distribution of functions between local, regional and national levels in an economically relevant way. The co-operative interlinking system is fundamentally characterised by decentralisation, so that typical regional features, such as for example arable farming, foodstuffs, areas of intensive processing, can be taken into account.

The close connection between the money and commodity sectors is another characteristic of the co-operative interlinking system, not only at the primary level but throughout the movement, and especially between the central organisations concerned with credit and commodities.

The Regional Federations hold an important position in the co-operative system. In addition to auditing, which is prescribed by law, they contribute in a positive way to co-operative competitiveness through advice and guidance in the planning process. In many cases, too,

they take part in discussions and negotiations with the Ministries of Agriculture in the various States of the Federal Republic.

The German Raiffeisen Association must be mentioned as the apex organisation within the framework of the agricultural co-operative interlinked system, with Lorenz Falkenstein as its President and Dr Hans-Jürgen Wick as its Secretary General. It has the task of "promoting, guiding, representing the professional and particularly economic interests of its affiliated members and institutions".

Since resolutions affecting agricultural policy and agricultural economy are to a greater extent taken in Brussels the German Raiffeisen Association has an office there.

Recently a co-operative information and contact centre for foreign trade, called "Raiffeisen International", has been created in Bonn.

The significance of co-operative training and advanced training within the Raiffeisen organisation is demonstrated by the fact that regional federations have their own training centres and there is also a national co-operative college.

The merger of the German Raiffeisen Association (DRV) with the German Co-operative Association Schulze-Delitzsch (DGV)*

The negotiations—initiated by the

*DRV - Deutscher Raiffeisenverband

DGV - Deutscher Genossenschaftsverband (Schulze-Delitzsch)

DGRV - Deutscher Genossenschafts- und Raiffeisenband

BVR - Bundesverband der Deutschen Volksbanken und Raiffeisenbanken

BRW - Bundesverband der Raiffeisenwarengenossenschaften

Raiffeisen organisation—between the German Raiffeisen Association and the German Co-operative Association Schulze-Delitzsch aiming at the merger of the two co-operative organisations led on 15th December 1971 to the creation of a common apex association incorporating all rural and industrial co-operatives, called *the German Co-operative and Raiffeisen Association* (DGRV), and to

the setting-up of three national special unions, *the National Union of German People's Banks and Raiffeisen Banks* (BVR), *the National Union of Raiffeisen Commodity Co-operatives* (BRW), which has been incorporated into the German Raiffeisen Association since 1st July 1976, and *the National Union of Co-operative Wholesale and Service Organisations*.

Structure of the Apex Federation and its national unions of the rural and industrial co-operatives in the Federal Republic of Germany

German Co-operative and Raiffeisen Union		
German Co-operative Association	National Union of German People's Banks and Raiffeisen Banks	National Union of Co-operative Wholesale & Service Organisations

The task of the apex association (DGRV) is to promote and advocate the joint interests of its members. On the Federal level it is the only auditing association in existence. Its acting President is Lorenz Falkenstein, the two managers are attorney E. Metz and Dr H.-Detlev Wülker.

The three special unions are in charge of the promotion, care, and representation of special and particular interests of their members and affiliated institutions. This enables them to advocate the special interests of their members *vis-à-vis* the general public, independently and autonomously. Close co-operation between the apex organisations in matters of common interests is realised through personnel links in the executive bodies.

The amalgamation initially grew from the conception that the economic power of the co-operative credit institutions should be combined in order to avoid internal friction, to effect savings in

costs and to strengthen their competitive position *vis-à-vis* other banking groups.

At the same time, the members of the fixed income groups, the middle-class, the workers, employees and officials—who joined the co-operative credit institutions in increasing numbers, and today constitute in both associations the largest portion of the members, should be given effective representation of their interests, chiefly aimed at maintaining the value of money and the augmentation of their savings. Over and above this, it was attempted from the very beginning to bring in the commodity and service co-operatives of both associations, large blocks of middle-class professional groups and economic sectors, in order to give greater significance to the representation of their common aims.

The following data shows the economic importance of the new organisation, which is also worth noting in the political sector; with 12,000 co-opera-

tives and 8 million members (60 per cent of them belong to the salaried middle-class) the new organisation represents the biggest non-trade-unionist association in Western Europe.

The number of more than 260,000 full-time employees also underlines the economic and social importance of co-operatives.

The joint co-operative bank organisation comprises 5,000 autonomous credit co-operative People's Banks and Raiffeisen Banks which, with their 14,300 branches, command the densest banking network in Western Europe.

The combined total assets of the banks affiliated to the National Union of People's Banks and Raiffeisen Banks amounted to some 164 billion marks.

Even during Raiffeisen's lifetime,

co-operatives spread far beyond the frontiers of their country of origin and attracted great attention. Since then, Raiffeisen's idea of self-help and community self-help has conquered the world, and for a hundred years now has been instrumental in helping to build up the economy of many a nation.

Today, in 90 countries there are co-operatives of many kinds based exactly on Raiffeisen's ideas or on other similar lines. The German Raiffeisen movement has thus, for many years past, fostered world-wide connections. In recent years, an international task of a special nature has devolved upon the Movement, namely the promotion of co-operative self-help in the developing countries, a task which the experience of 120 years enables it to fulfil in many ways.



German Housing Co-operatives — Development, Present Situation and Problems

by

Wolfgang Ambrosius

Director, Verband Berliner Wohnungsbaugenossenschaften- und gesellschaften e.V.

The beginnings of the German co-operative housing movement go back to the middle of last century. The first law dealing with co-operative organisation in Prussia did not appear until 27th March 1867. The origins of co-operative activity in the housing sector are inseparably connected with the ideas, endeavours and achievements now grouped under the term "mutual housing organisations".

Co-operatives started in Germany at a time of stormy industrial development, with the crowding of people into big towns and the resulting housing shortages. A typical example was the founding of the *Berliner gemeinnützige Baugesellschaft* (Berlin Mutual Building Association) in 1848 (still existing today under the name *Alexandra-Stiftung*), essentially based on the ideas of Victor Aimé Huber, C. W. Hoffman and T. S. Liedke. Legally it was a joint-stock company (*Aktiengesellschaft*), although not quite in the sense of the present law. However, the inhabitants of each block of flats built by the Association were organised

into a tenant co-operative which administered the block, including enforcing the block regulations, collecting rents, and running the petty cash account. Originally the freehold of the block was intended to pass into the hands of the tenants' co-operative after 30 years' payment of instalments by the tenants; members would then theoretically each hold a share in it.

This example shows clearly why housing co-operatives did not immediately emerge in their pure form. Even then the building of houses required the investment of relatively large amounts of capital. Members of the relatively low income groups did not have the necessary means; it was extremely dangerous for the co-operators to take up large credits because of the then possibility of unlimited withdrawal by creditors; at that time, very few people of moderate means had any knowledge of business methods.

Therefore the way to self-help for the German housing co-operatives lay via the patronage of the upper classes who, as in the case of the *Berliner gemeinnützige Baugesellschaft*, supported the asso-

Left: 28-floor Co-operative tower block, Gropiusstadt.

ciation by purchasing shares. This was a common phenomenon in the second half of the 19th century; one has only to think of the Society for the Welfare of the Working Classes, founded by E. Pfeiffer in Stuttgart in 1866.

Another feature of the *Berliner gemeinnützige Baugesellschaft* was that, not only did it aim at providing people of moderate income with healthy dwellings at moderate rents, but it also tried to ensure that the owners of the dwellings looked after them and kept them in order, and thus it hoped to awaken a feeling for the value of a home as the basis of a secure family life; and in general it tried to provide encouragement and support for the members of the housing communities. This shows the interplay of material and ideological factors within the framework of an association of individuals, necessary in ever-changing proportions for the development of the socio-political ideas of the housing co-operatives, and which continued even when they became genuine self-help organisations.

The oldest genuine housing co-operative in Germany, the *Häuserbau-Genossenschaft von Schiffszimmerern* (Ships' Carpenters' Housing Co-operative), now the *Allgemeine Deutsche Schiffszimmerer-Genossenschaften eG*, was founded in Hamburg in 1862, although at first it too was largely dependent on patronage (mainly through promotion by L. F. Balzer). Then the housing co-operative movement began slowly to gather momentum. In 1868 housing co-operatives were established in Darmstadt and Breslau. By 1870, two housing co-operatives existed in the Berlin area, the *Bauverein vereinigter Beamten und Handwerker* (for civil servants and artisans) in

Britz, and the *Verein zur Erbauung billiger Familien-Wohnungen und -Häuser in den Vororten Steglitz, Friedenau und Gross-Lichterfelde* (Association for the Building of cheap Family Dwellings and Houses in the Suburbs); both these were short-lived. Many housing co-operatives must have been founded at that time, of which no trace remains today. The official total of housing co-operatives was 17 in 1871, 30 in 1872, 52 in 1873. Many of them fell victim to the crisis years following the founding of the German Reich.

The Co-operative Law of 1st May, 1889, by conceding limited liability, gave a new impetus to the Co-operative Movement. In the same year, the Invalidity and Old Age Insurance Law, which allowed the Insurance Societies of the *Länder* to invest a part of their funds in real estate, opened up a new source of finance for housing co-operatives. After that, the housing co-operative movement developed rapidly to its present importance. The number of registered housing co-operatives amounted in 1900 to 385, in 1905 to 641, in 1910 to 1,056, in 1914 (the beginning of the first world war) to 1,402. The comparable figure for the same territory in 1940 was 2,704.

This development was considerably assisted by two legislative measures: the introduction in 1889 (reformulated in 1934) of compulsory auditing for co-operatives, which tightened up the organisation of the various sectors of the Co-operative Movement; and the Mutual Housing Organisation law of 1930. The passionate arguments within the housing co-operative movement at the turn of the century, between the non-compromising defenders of the principle of communal ownership, and those



Co-operative housing, Märkische Scholle, Hermsdorf, near Berlin

who thought individual ownership should also have a place, acted as a stimulus rather than an obstacle, and were soon reconciled in practice.

The housing co-operatives have for decades been recognised as an important factor in housing and social policy, on account of their achievements and the progressive approach of their representatives. This is borne out not only by Ministerial Decrees, but also by the attacks of their opponents. The following sentence from the 21 Guidelines for Landlords' Federations of 1899, which has become a classic, is worth quoting:

“Housing co-operatives favour the propagation of socialist theories, intensify class antagonism, and by

encouraging the emergence of revolutionary elements, create a menace to throne and altar.”

* * * *

This is not the place to write a history of the housing co-operative movement, but to describe its present condition. The information given is for 31st December 1975; subsequent changes only marginally affect the general picture; figures apply to the whole of the Federal Republic, including West Berlin.

At the end of 1975 there existed 1,277 co-operatives which fell within the framework of the housing sector; they are grouped under ten auditing federa-

tions*. Their number has decreased during the past few years: at the end of 1960, the total was 1,665. The difference is due partly to dissolution and partly to amalgamation with other enterprises. This tendency reflects the dominant trend of modern economic life towards concentration.

Under present conditions, small enterprises, especially co-operatives, find it difficult to succeed commercially. This state of affairs forces co-operatives to collaborate under such forms as are available. An example of this was the successful combination in 1968 of five Hamburg co-operatives into a Working Group, so that they could undertake larger renovation operations. Such ventures, however, are only suitable for efficient enterprises. The others had, in the last resort, to take refuge in amalgamation if they wanted to continue in business and not "throw in the sponge".

It is a surprising fact, however, that housing co-operatives appear to be unwilling to move in the direction of concentration, or collaboration. They even show little inclination to support organisational measures conducive to a more flexible and efficient management. The first important step towards co-ordination was the establishment in 1971 of a Housing Co-operative group, embracing

300 members in the Federal Republic of Germany and West Berlin. This co-ordinated group is an important step towards improving the competitiveness of the housing co-operatives as against other enterprises in the housing market, as it allows—in certain circumstances—a member to transfer to another co-operative without having to re-establish his claim to an apartment.

In this connection, house-building achievements must be considered. In 1975, the 1,277 co-operatives completed 16,387 housing units; this is an average of about 13 housing units for each co-operative, but in fact most of the units were built by a relatively small number of organisations, while many societies produced very few, and in some years none at all. In contrast to this, the remaining 641 enterprises belonging to the mutual housing movement completed 47,884 housing units in 1975, an average of about 75 each.

Such comparisons however ignore one important feature of the housing co-operative movement. The combination of material and ideological aspects has already been mentioned in connection with the *Berliner gemeinnützige Baugesellschaft* of 1847. Even today, housing co-operatives place the same value and importance on the creation of the community as on their business operations, to a greater extent than other co-operatives, because their primary aim is to provide homes rather than profits, and the coming together of individuals in houses and estates favours, and to some extent requires, the creation of a community. Housing co-operatives attach as much importance to providing communal amenities (playgrounds for children, nurseries, community halls, sauna

*A total of 1,918 housing undertakings (including joint-stock and limited liability companies) is affiliated to the *Gesamtverband gemeinnütziger Wohnungsunternehmen e.V.*, (Confederation of Mutual Housing Enterprises), which is the national apex organisation of the 10 regional auditing federations with its headquarters in Cologne. The total housing production of these undertakings amounts to 3.2 million units in the Federal Republic and West Berlin; approximately 1.5 million individual units have been completed since 1949.

baths, swimming pools) for their existing units as they do to increasing the number of units. They prefer to develop slowly. They want to maintain and stimulate the interest and participation of members in the affairs of their co-operative.

This explains why the housing co-operatives are reluctant to comply with purely economic requirements, and at times lag behind other co-operative sectors so far as business organisation is concerned. They are probably very much nearer to the original concept of a co-operative organisation than any other at present in the German movement. They may appear a little old-fashioned—but what is “modern” today? Is it not a fact that the changes now taking place in our social order point towards stronger, more structuralised, participation of the grass-roots in political, sociological and economic discussions and decisions? Housing co-operatives provide the starting-point for such trends, and further their dissemination.

This does not mean that existing economic problems should be ignored. They will inevitably drive co-operatives towards collaboration and concentration, and must therefore be tackled. In this connection, the following figures are worth considering: at the end of 1975 housing co-operatives had a total of 1,570,359 members, with about DM. 1,620 million business assets, an average of approximately DM.1,030 per member although individual cases varied considerably. Against this, the capital required for building an individual housing unit of $2\frac{1}{2}$ rooms would be at least DM.20,000. This is a considerable amount for a member of a co-operative to raise, so co-operatives must accumulate capital for building purposes through

the efficient management of their existing housing units. However the average number of housing units per co-operative is only about 755 (total units: 964,394) with considerable individual variations. Plans and efforts are therefore being made to find new ways of raising capital, perhaps by introducing new forms of participation, but no practical results have so far been achieved.

Or take another figure: about 80 per cent of board members of housing co-operatives serve in voluntary or part-time capacities, mainly voluntary (unpaid). Housing co-operatives are rightly proud of this fact. Unfortunately, under modern conditions, economic success demands qualified full-time personnel. This involves costs which smaller co-operatives cannot easily bear, and can only justify if they have reasonably good prospects.

The annual number of new housing units built has been decreasing for some years, as requirements have balanced production. There is now scope for setting up an urban planning programme, an aspect which had to be ignored during the construction phase: the modernisation of old housing units and the renovation of entire town areas.

Modernisation of old housing units generally involves changing the existing heating system, replacing the old individual stoves by collective heating; the installation of sanitary facilities such as toilets and bathrooms; the installation of hot-water supplies for kitchen and bathroom. Where technically feasible, lifts will be installed in four- and five-storey buildings, as well as communal aerials for television and radio to do away with the “forest” of aerials on the roofs.

Modernisation measures would also include reinforcing electric rising main cables. In 1975 German housing co-operatives spent the considerable sum of DM.254.5 million on such modernisation work. Altogether the mutual housing organisations spent DM.790.6 millions on modernisation, so that the proportion spent by co-operatives amounts to about one-third. These improvements to the housing units not only benefit the tenant but make the older housing units more competitive for the future. The trend in housing co-operatives seems to be fairly clear: collaboration and concentration must and will continue in order to bring the predominant features of these co-operatives in line with economic requirements.

The picture would not be complete without pointing out two other aspects, characterised by the phrases *housing mutuality* and *social housing construction*.

The *Berliner gemeinnützige Baugesellschaft* and other enterprises established in the last century were already acting on the basis of mutuality in its present-day meaning, in particular with regard to distribution of profits, fixed prices, and building-up of capital. Concessions by the State to housing organisations, in the form of tax reliefs and reduction of stamp duty, were legally fixed for the whole country in 1930 for the first time. The law concerning mutual housing organisations, which is virtually still in force today, was introduced in 1940. About 93 per cent of existing housing co-operatives are recognised as mutual housing organisations.

Mutual housing organisations are governed by particularly strict regulations outside the Co-operative Law. On the other hand they receive no particular

benefits from the State, as fully taxable enterprises which are not mutual organisations can also take advantage of the special tax concessions (special allowances for depreciation, etc.) which have been granted as an incentive to house-building and building activity in general, outside the mutual housing sector.

The mutual approach corresponds, of course, to a considerable degree to the prevailing conception of a housing co-operative. However the existing law concerning mutual housing organisations limits their business activities in many respects. The fixed principle that the price should cover only the costs severely limits their activities in the open market, as it does not permit them to compensate in advance for future losses through falling rent levels by the normal method of taking advantage of an initially favourable housing market.

The official promotion of social housing construction with the aid of capital subsidies, partially made up for the lack of capital of the housing co-operatives. They were therefore hit the harder by the subsequent change of policy from capital subsidies to cost subsidies. At the same time, they bear the full brunt of competition from the non-mutual organisations. They thus have to rely on intensive public relations exercises to spread understanding of the value of acquiring entitlement to the use of a co-operative housing unit by the purchase of shares.

Many members came to co-operatives as mere housing consumers, expecting—as with any other building enterprise—the satisfaction of their housing requirements without any corresponding participation in the purely co-operative activities. The task remains, of explain-

ing again and with new emphasis, that members of a housing co-operative need to take an active part in its administration and in the discussions in the community about material and ideological problems.

The fundamental obligation to combat the need for housing and to create humane housing conditions has encouraged the idea of spreading beyond the narrow national framework. Consequently many co-operatives have participated, and still do so—some actively, others by giving their support—in the *Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen* (DES-WOS—German Development Aid for

Social Housing and Settlements). This organisation, which was established in 1969 and also comprises other non-mutual housing enterprises, endeavours to use the instrument of self-help to create healthy housing conditions in developing countries, and thus further the policies and intentions of the United Nations and the International Co-operative Alliance. It hopes to make a considerable contribution to the development of international thinking and international understanding, as sound development in the field of housing is one of the prime requisites for preserving the dignity of Man.

The Volksfürsorge Group— Co-operative Insurance

by
Walter Rittner
Chairman

In 1968 a new chapter began in the history of Volksfürsorge in connection with an administrative measure of far-reaching significance. The concentration of the joint insurance enterprises of the trade unions and co-operative societies, being the life insurance company, the property insurance company, and the reinsurance company—Hamburger Internationale Rückversicherung founded in 1965—into one group under uniform management was the core of the new business policy. It was accompanied by the simplification, unification, and modernisation of the Group.

Volksfürsorge Life Insurance Company in Hamburg as the largest and oldest company of the Group was founded in 1912 by the two large employees' and consumers' organisations, the trade unions and consumers' co-operative societies. The trade unionists and members of the co-operative society Adolph von Elm, Carl Legien, Chairman of the General Commission of the Free Trade Union, and Heinrich Kaufmann, Chairman of the Central Association of German Consumer Co-operatives were among the founders of Volksfürsorge. Friedrich Ebert, later State President (of the Reich), was actively engaged for many years on the Board of Directors.

The statutes of Volksfürsorge stipulated that

- the Board of Directors shall proportionally be composed of trade unionists and of members of consumers' societies;
- trading of shares on the stock exchange is excluded.

The collaboration of trade unions and co-operatives presented itself, because insurance, trade unions and co-operatives have a common basis of collective self-help. In a market controlled by established, profit-minded companies, the new enterprise of the workers' movement, against fierce resistance, quickly and drastically reformed the small life insurance domain by offering honest contract conditions.

The decision of the founders of this commonweal life insurance company to engage themselves in the field of private insurance industry as entrepreneurs was exclusively due to the catastrophic conditions which prevailed in the domain of small life insurance about the turn of the century and under which the socially weak sections of population had to suffer the most.

The grievances were based on the pronounced profit goals of the private

insurance companies. Their advertising practices were described by the public as being sharp, as the agents were working without scruple to obtain the most and highest possible contracts. This attitude was due to the insurance companies paying excessively high commissions to the agents to induce them to conclude the most, and highest possible, new contracts, this again leading to dishonest promises by agents.

The companies demanded excessive premiums from the insured. In addition, insurances expired without compensation as soon as the insured missed a single premium. This, however, afflicted exactly those persons needing the most protection, namely those policy-holders who were in distress.

Therefore the main objective was to strip this insurance form of its profit character and to create better insurance protection with favourable premiums for the sections of population of moderate means, i.e. through

- reduction of shareholders' dividends
- decrease of costs in canvassing insurances and their administration
- highest possible and immediate profit-sharing for the policyholders
- investment policy in the interest of the community
(investment of insurance capital for public utility purposes, for example in the field of housing)
- provision of information, advice and care of the policyholders
- no policy expiry
- no waiting period in case of accidental death.

A considerable premium reduction in small life insurance had to be achieved—

particularly through extreme economy in administration—through a minimum of costs for administration, advertisement and premium collection. The support of the trade union and co-operative organisations contributed to this purpose. They offered themselves for the field service, canvassing and service of clients. Trade unionists and members of the co-operative societies were working partly on a part-time, partly on an honorary basis for Volksfürsorge.

An economical and sound insurance protection was offered by Volksfürsorge to the sections of population of moderate means. The private life insurers were forced by this competition of the commonweal enterprise to adapt their tariffs and conditions to those of Volksfürsorge. This meant that Volksfürsorge had been successful in the function of regulating the market and in achieving its aim: the reform of small life insurance.

This commonweal business policy rapidly led to the economic success of the company. In 1928 Volksfürsorge was the biggest life insurance company in Germany, measured by the number of policyholders.

The success of Volksfürsorge is based among other things on the system of part-time field staff members. today numbering more than 32,000. Volksfürsorge's early rise to the top was supported by this huge and reliable staff from trade unions and consumers' co-operative societies.

It is the historical merit of Volksfürsorge to have realised the reform of small life insurance. Not being content with this, Volksfürsorge has proved again and again in emergencies—when the value of an insurance must stand the

test—that it holds itself responsible for its insured, out of social commitment.

During the First World War (1914-1918) it introduced a war burial-fund, at that time an unexampled financial readjustment allowance for surviving dependants.

Also during the great economic depression of the thirties it launched several measures for its insured. In 1931 the replacement insurance for unemployed policyholders was created. A person, no longer able to pay the full premium, received in spite of this for 20 Pfennig (0,20 DM) per month the guarantee of a sum payable at death—a considerable aid for the conditions of that time.

During the currency reforms in the years 1923 and 1948 Volksfürsorge employed for the conversion of its small life insurance a special method unequalled by other companies, though in spite of the protests of other companies with the supervisory authorities; this substantially met the needs of its insured.

Volksfürsorge Life Insurance today

While the original main task of Volksfürsorge was to do away with grievances in the insurance system, nowadays chief importance is placed on remaining competitive. Like all other insurance companies it is subject to full competition in a free market, and federal insurance supervision.

The range of offers is keyed to the particular needs of the broad sections of employees. The new tariff produced by Volksfürsorge must be regarded as a positive influence on the life insurance market in the interests of the policyholder. The approval of the federal supervisory body had long to be striven

for, as to many it seemed to be too cheap. With the enforcement of lower premiums, made possible through particularly close calculations, Volksfürsorge took the lead in price competition in the large and important area of life insurance. This market-regulating activity also influenced the tariffs for asset forming life insurances, which are on a lower level.

Out of Volksfürsorge's commonweal function arises its concern to grant policyholders the highest and quickest possible participation in profits. The total surplus is—after deduction of a small compensation for the employed capital—credited completely to a bonus reserve for the insured. The shareholders of Volksfürsorge—the Bank für Gemeinwirtschaft, the co op Zentrale AG, and the Revisionsverband-deutscher Konsumgenossenschaften e.V.—only receive a dividend representing a minimum interest on share capital. Thus, 99.7 per cent of the earned total profit of Volksfürsorge Life can now be returned to its policyholders in the form of a bonus.

The company has an important economic function as a huge capital reservoir. The commonweal function of Volksfürsorge is particularly apparent in its investment policy, as the supply of funds for social housing and communal projects still has priority. Particularly since the Second World War the company has had a large share in eliminating the housing problem. In addition Volksfürsorge supports the construction and extension of institutions of public authorities such as hospitals, schools etc. by providing capital, and it assists its policyholders in acquiring property.

The support of Volksfürsorge to

trade union endeavours in many areas should not be underestimated. The working conditions of Volksfürsorge's employees are being constantly improved. An ideal company constitution, with industrial democracy and staff directors, as well as progressive company and tariff agreements, have been realised. Better remuneration of employees, longer holidays, resignation and rationalisation protection, shorter working hours, vocational training holidays, provision for old age and many other social benefits are regulated and stipulated. These benefits have a positive effect on the attitude of the other companies in the insurance industry.

Volksfürsorge Life holds a leading position among German life insurers today:

—first place in the number of insurances

—second place in total insurance and premium income.

Expressed in figures, Volksfürsorge Life had at the end of 1973 a portfolio of

—5.6 million insurance contracts with more than 23.4 billion DM total insurance;

—the premium income of the year amounted to more than 1 billion DM.

Volksfürsorge Property Insurance

After the major grievances in small life insurance had been done away with, the founders of Volksfürsorge Life also wanted to create insurance services, which would give to the sections of population of moderate means the possibility of insuring their goods and chattels at fair prices.

Volksfürsorge Property Insurance, which had at that time the name "Self Aid Fire and Property Insurance", was

founded in 1925. The trade unions and consumers' co-operative societies were again the initiators. The young company made it its task to influence

—the premium level and

—the range of liability

Corresponding to its commonweal function Volksfürsorge Property aims today principally at offering all sections of the population insurance protection with low premiums and model claim settlement. The premiums charged are strictly calculated in such a way that they cover, at long term, only the expected claims and administrative costs.

A multitude of insurance possibilities is offered, adapted to the actual needs of wide sections of the population. The range of insurance offers—among other things, insurance on contents, motor insurance, travel insurance, accident insurance, insurance against burglary and robbery and fire insurance—is constantly being extended and improved.

Because the company is not oriented towards profit goals it is able to influence premium levels and to promote competition also on the property insurance market.

The development of 'home and leisure' accident insurance is a commonweal pioneer achievement of Volksfürsorge, which may serve as model for wider general provisions. The successful enforcement of trade union demands for the shortening of working hours gives the employees more spare time. Volksfürsorge perceived that more spare time increased accident frequency in the private sphere and therefore also the sector which is not protected by legal accident insurance. This presented a real insurance need and Volksfürsorge

developed a special 'home and leisure' accident insurance, offering it to the trade unions of the German Trade Union Federation for its members. In the meantime corresponding contracts have been concluded with individual trade unions.

Volksfürsorge Legal Costs Insurance

Volksfürsorge Legal Costs Insurance was founded in 1968.

It operates in the areas of

- traffic legal aid
- motor car comprehensive legal aid
- driver legal aid
- special family legal aid
- special family and traffic comprehensive legal aid.

More than 315,000 car holders have already made use of the offer for traffic legal aid insurance by means of a group policy with the Auto Club Europe (ACE), a trade union service institution. A group policy for family special legal aid insurance with the textiles and clothing trade unions exists since 1971.

Hamburg International Reinsurance

Hamburg International Reinsurance was founded in 1965. Its task is to operate as professional reinsurer, but also as connecting link between the Volksfürsorge Group and other native or foreign insurance companies. Within the scope of the International Co-operative Insurance Federation it maintains important international business relations.

Bilateral agreements for co-operation exist with more than 20 co-operative insurance companies in all parts of the world.

These agreements for co-operation

provide, in addition to the extension of underwriting, the exchange of experience and mutual staff member training, above all for mutual claim settlement and service to clients. The policyholders of Volksfürsorge may rely on the service of the corresponding partner company abroad.

Volksfürsorge Home Building Loan and Savings Bank

In 1972 the Group was expanded by a home building loan and savings bank. By this, a generally existing demand for provision of loans for homes and savings facilities with the same organisation was satisfied.

As the youngest company of the Group, the Volksfürsorge Home Building Loan and Savings Bank offers tariffs which differ mainly in credit and loan interest. Volksfürsorge Home Building Loan and Savings Bank, also a commonweal organisation, helps wide sections of the population to build their own homes and can grant them, via a home building savings contract, loans at favourable rates of interest.

Influence on the Market

Today the Volksfürsorge Group is one of the largest insurance groups on the German and European scale. Now and in the future it will direct its attention towards solid expansion and further strengthening of its position; thus increasing simultaneously its opportunity to influence the market through commonweal objectives. It will always be active in those areas susceptible to its economic power and where advisable and necessary in the interest of the community. Within the framework of the general developments in economy and

society, the range of offers will be further extended and adapted to changing circumstances.

The Common Weal Mission

Thus Volksfürsorge is able to pursue its traditional commonweal mission and exercise a regulating function on the insurance market, and recently also on

the home-building savings market. By its very existence, and through its effective and competitive business policy, it influences the market and eliminates malpractices. Volksfürsorge uses the commonweal system for the optimum benefit of all requiring insurance protection and wanting to build up financial assets.

Bank für Gemeinwirtschaft: the bank of the Trade Unions and the Consumer Co-operatives

by

Dr Walter Hesselbach,

Chairman of the Board of Management, Bank für Gemeinwirtschaft
Federal Republic of Germany

Bank für Gemeinwirtschaft (BfG), the Bank for Commonweal Economy, is a young bank compared with most banks in the Federal Republic of Germany or in Europe, which were founded over a century ago. Nevertheless, it has achieved a position in the banking world and has become an active factor in the market, and for its shareholders a finance institute ready to provide them at any time with the necessary liquidity. BfG is the fourth largest supraregional business bank in the Federal Republic of Germany. It held the eighth position in 1976, if one also takes into account the banks working only on a regional level. Internationally BfG holds position 65. It has 250 branches all over the Federal Republic of Germany. At the end of 1976 the total of the bank's balance sheet amounted to 26 billion DM, and the total of the consolidated balance sheet to more than 40 billion DM, according to the preliminary figures. Its capital including open reserves amounted to nearly 1 billion DM.

It has always been one of the principles of the German labour movement, and

especially the trade unions, that the standard of living of the working population should be raised not only through collective bargaining but also by other means. They tried to influence living conditions through legislative work on the political level and through commonweal enterprises. As early as the 19th century, the consumer co-operatives were founded to meet the demand of workers and employees and to supply them with the necessary consumer goods. In accordance with a proposal by the Government of Germany, the insurance company *Volksfürsorge* was founded in 1913 by the trade unions in close co-operation with the consumer co-operatives, to fight the abuses of the private insurance companies in respect of small life insurances.

The history of BfG dates back through its predecessor *Bank der Arbeiter, Angestellten und Beamte AG, Berlin*, to the early twenties of this century. This bank was founded in 1923 by the German Federation of Free Trade Unions and its affiliated Unions in order to serve them and their enter-

prises as a "housebank". It also went into business with the consumer co-operatives and the co-operative housing societies, which meant a better distribution of risks and was the basis of its successful development. In 1933 the bank as well as the other property of the trade unions was confiscated by the Nazis and the trade unions were dissolved.

After World War II in the years 1948 to 1953 the trade unions together with the consumer co-operatives, with funds out of the indemnity payments for their confiscated property, founded seven regional commonweal banks. In 1950 the share capital of the banks amounted to DM 6 million. At that time commercial banks in the Federal Republic of Germany worked only on a regional basis, because the anti-trust law of the Allied administration prevented the foundation of a bank working nationwide.

In 1958, after the abolition of the law, the regional commonweal banks merged into the *Bank für Gemeinwirtschaft* with headquarters in Frankfurt am Main. Since the second world war the regional commonweal banks and later the BfG have been managed in accordance with a changed concept of business policy. Of course, they still had to serve as "house banks" of the trade unions, the consumer co-operatives and the commonweal enterprises, but in addition they became commercial banks, doing business with all sectors of the economy e.g. private households, private and public enterprises in all branches of trade and industry and public authorities. This was necessary in order to enable the commonweal banks and later the BfG to serve effectively as "house banks", because a

house bank having only one main customer both on the deposit and on the loan side cannot work successfully. One of the principles of banking is to spread the risks in investment and maturities, in liabilities as well as in loans, in order to safeguard liquidity at any time. In 1976 BfG did less than 10 per cent of its business with the trade unions and the commonweal enterprises, more than 90 per cent was the normal business of a commercial bank. BfG offers all the services of a commercial bank in the Federal Republic of Germany e.g. accepting deposits of all maturities from all sections of the population, granting loans to all sectors of the economy, doing foreign business as well as buying and selling shares and bonds on the capital market for its customers and on its own account and risk. In addition to the 250 branches within the Federal Republic of Germany it has opened branches in London and New York, a 100% subsidiary company in Luxemburg and a representative office in Sao Paulo.

Its participation in the International Co-operative Bank, Basel, again shows the close links between the Trade Unions and the Co-operative Movement. Neither commonweal enterprises founded by the Trade Unions, nor co-operative enterprises, work for the maximum profit possible, but in order to serve the consumers—the majority of the population. *Bank für Gemeinwirtschaft*, though a fully fledged commercial bank with more than 50 per cent of the 100 largest German corporations among its customers, has always paid special attention to the needs of workers and employees in the field of banking business. It has set new standards for conditions of consumer credits. It has developed new savings

schemes especially adapted to the financial needs of workers and employees. It has improved the system of house financing offered by banks by simplifying it considerably. In other words BfG has been a competitive factor in the finance and banking market and has worked for the benefit of workers and employees, for the public good. The aim is not so much to be always the cheapest in the market, as to make competitors follow suit, and for example to lower the interest rate accordingly. Thus it becomes possible to work to the advantage of the majority of the population, even those who are not directly clients of the bank.

The BfG tries to set standards also in the field of working conditions and the rights of employees in the decision making of the bank. The bank has shown that co-determination does not affect its efficiency.

In addition the bank has frequently saved jobs by taking over industrial or commercial enterprises which, though economically sound, had through mismanagement or unsound financing run into difficulties. The BfG has reorganised them and then sold them to new owners. During the last few years the bank has also played an active role in the reorganisation of the German Consumer Co-operatives, supplying capital

and management. During the foundation period of the BfG in the fifties the consumer co-operatives were shareholders of the bank with a participation of 50 per cent; now the trade unions, through their holding company *Beteiligungsgesellschaft für Gemeinwirtschaft AG, Frankfurt am Main* have capital invested in the consumer co-operatives. The role of the co-op group as a competitive factor in the retail market of food and non-food consumer goods has been strengthened, and structural changes and additional capital introduced wherever required. It was no longer possible to supply the necessary capital out of the earnings of the co-operatives. This was the point where BfG, and in 1974 the holding company, had to step in.

BfG is closely involved in the international co-operative movement through its connection with the co-operative sector, and also through its active participation in the ICA Banking Committee which has become a platform for the exchange of experience and for the strengthening of co-operation between the co-operative and commonweal banks. Its close connection with Ingeba—the International Co-operative Bank—underlines the interest of BfG in making this sector of the international banking world and the international co-operative movement stronger and even more efficient.

Recent Books

by
Anne Lamming
ICA Librarian

The books listed should be ordered
direct from the Publishers.
ICA can only supply its own publications.

ANGERS, François-Albert: La coopération—de la réalité à la théorie économique

Montreal (Canada), Fides. Vol. I—1974. 226 pp, diags, tabs. Vol. II—1976. 411 pp, diags, tabs.

Vol. I—*Le monde vivant de la coopération*—is a history of the evolution of co-operative principles and structures, with two sections, one on the world and one on Quebec. Vol. II—*L'activité coopérative en théorie économique*—analysis of the co-operative model of economics, for use in the scientific study of co-operative economic theory.

h m
COPAC: Guide for the preparation of Co-operative Projects

Rome (Italy), COPAC/FAO. 1975. 51 pp, tabs

COPAC/INTERNATIONAL PLANNED PARENTHOOD FEDERATION/FOOD AND AGRICULTURE ORGANISATION OF THE UNITED NATIONS: Common Concern—a Guide to Collaboration between Co-operatives and Family Planning Associations in education for Population Awareness and Responsible Parenthood

Rome (Italy), FAO. 1976. 25 pp (mimeo)

FRANK, Wolfgang (Ed): Las Cooperativas Agropecuarias en Colombia

Colombia. Banco Popular. 1976. 191 pp, tab, diagr, bibliogr

This academic study was undertaken to find out the facts about agricultural co-operatives in Colombia and make recommendations for policy and conditions that would help its development.

GROSSEN, L. E.: An Introduction to Co-operatives—a Self-study Program

Saskatoon (Canada). Co-operative College. 1976. 73 pp, tabs, illustr, diagr

A Canadian programmed learning text for use in co-operative colleges.

GROUPEMENT NATIONAL DE LA COOPERATION: Alliance Coopérative Internationale (text in French, English, German and Russian)

Paris (France). Groupement National de la Coopération. 1976. 47 pp, illus

Informative illustrated booklet on the work of the ICA, published on the occasion of the 26th ICA Congress, Paris, 1976.

GROUPEMENT NATIONAL DE LA COOPERATION: Le mouvement coopératif en France (text in French, English, German and Russian)

Paris (France). *Groupement National de la Coopération*. 1976. 47 pp, photos

Lavishly illustrated booklet covering all aspects of co-operatives in France, published on the occasion of the 26th ICA Congress, Paris, 1976.

HOAG, W. Gifford: The Farm Credit System—a History of Financial Self Help Illinois (USA). The Interstate. 1976. 292 pp, bibliogr, tab, illustr

A history of the co-operative farm credit system which provides US farmers with one-third of their financing; the agricultural co-operatives get two-thirds of their borrowed funds. Current lending is running at \$30,000 million per annum, through the twelve Federal Land Banks.

ICA/CO-OPERATIVE RESEARCH INSTITUTE, WARSAW/CO-OPERATIVE RESEARCH INSTITUTE, BUDAPEST: Research Register of Studies on Co-operatives in Developing Countries—Bulletin of Abstracts, 1973-1975. Bulletin No. 2, 1976

Budapest (Hungary). *CRI*. 1976. 153 pp

See article on page 113 of this issue.

JACOBY, Erich H.: Agricultural Development in China

Stockholm (Sweden). *Economic Research Institute, Stockholm School of Economics*. 1974. 89 pp (mimeo).

MACHIMA, Pradit: Growth and Development of Agricultural Co-operatives in Thailand

Bangkok (Thailand). *Co-operative League of Thailand*. 1976. (mimeo)

Articles written by the author, collected in book form to present a picture of the movement in Thailand. The volume covers the history and current position, as well as the long-term agricultural development programme, with notes on specific crops (rice and cassava) and agricultural credit.

MAXEINER, Rudolf: Vertrauen in die eigene Kraft—Wilhelm Haas—sein Leben und Wirken

Wiesbaden (Fed Rep of Germany). *Deutscher Genossenschaftsverlag*. 1976. 128 pp, photos

The biography of one of the founders of rural co-operatives in Germany.

MÜNKNER, Hans H.: Co-operatives for the Rich or for the Poor? with special reference to co-operative development and co-operative law in Asia.

Munich (Fed Rep of Germany). *Institute for Co-operation in Developing Countries*. 1976. 31 pp (mimeo)

PÉREZ BARO, Albert: Cent Anys de La Cooperativa Teixidors A Mà (Gracia 1876-1976)

Barcelona (Spain). *Cural Edicions Catalanes*. 1976. 338 pp, diagr, illus

A history, in Catalan, of a weavers' consumer co-operative.

PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES: Agricultural Co-operation in the United Kingdom—Summary of Statistics 1974/1975
Oxford (UK). Plunkett Foundation. 1976. 24 pp, tabs

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Saarbrücken (Fed Rep of Germany). SSIP. 1974. 188 pp, illustr

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Madison (USA). UCC. 1976. 205 pp (mimeo)

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Book Reviews

Le Projet Coopératif: Son utopie et sa pratique; ses appareils et ses réseaux; ses espérances et ses déconvenues (The Co-operative Idea: its utopias and practices; its structures and networks; its hopes and disappointments) by Henri Desroche. *Paris, Editions Economie et Humanisme (Les Editions Ouvrieres)*, 1976, 464 pp., bibl., index. 90 F.

A fundamental book for the co-operative movement, this work appeared just at the time of the recent Congress of the International Co-operative Alliance, and the congress delegates were able to note it. This was good, because its content concerns the co-operative movement in all and every country.

First impressions

The first impression gained from leafing through the book is its length—457 pages. And when one finds the list of works quoted—six pages of two columns—then the abundance of quotations and references, then the list of 182 books or articles on co-operatives already published by the author, one discovers the imposing dimension of his previous work, the powerful capacity for work which it reveals, the author's aptitude for patient research, for sound detailed work.

But the work under review is not a mere bookish compilation. It rests on experience. The mass of direct information which he brings to bear on the life of the co-operative sector in a very great number of countries in the five continents stems very largely from his own travels. He has seen and visited numbers of co-operatives; even more, he has collaborated in co-operative activities, particularly in helping to organise the indispensable training of officials, or future officials, in the carrying out of their functions. I saw him at work during a voyage in Tunisia,

and I was struck by his talent for investigation, by the skill of his questioning, precise and explicit, even with grass-roots co-operators.

But if this book gives us a worm's eye view of things when necessary, we also get a bird's eye view. It is as we read through the book that we discover the great panoramas.

These very diverse qualities are reconciled in this book at the expense of another desirable quality: brevity. But having reached the end, one can only come to the conclusion that if the author had decided to be brief, it would have been a pity.

The reader's itinerary

Having picked out the essential characteristics, let us run through this monument in print, like the vista of halls in a museum. The co-operative reality, co-operative problems, are examined one after the other using different approaches, which are the principal methods or disciplines of research.

First, the *historical approach*. In the introduction, Desroche applies this to his own life, recounting his childhood and his gradual discovery of co-operation, starting with his interest in communities of the past, whether real or existing only in the dreams of utopian authors.

In the historical part of the work, he uses as his starting point the utopists of the early 19th century, while recalling some of their predecessors.

Without the deep aspirations of this period for a totally different society, without the descriptions—more, or less, naive and unrealistic—of this hoped-for future society, which made people think about the problem of social structures, without the attempts of experimental communities, co-operation could never have made its appearance. Utopianism was the initial spark, and many of the

ideas of this period, many of their ways of thinking, continued long enough to influence the co-operative movement.

Then there was of course the Rochdale flowering. But also other experiments. And the book tells of the growth of small co-operative nuclei, the differences and distinctions which appeared, according to the doctrine, the country and the type of co-operative, the birth of the International Co-operative Alliance, its internal rivalry of two opposing ideas, and finally the creation of three separate "worlds" on our planet, with the attempts to establish co-operation in the third. All this is presented instinctively. The historical part ends with a survey of the co-operative movement as it stands at present.

The second approach is *typological*: the classification of the different types of co-operatives, their description, the careful analysis of their structure and the main points of their operating methods. A little like trying to describe by anatomy and physiology, the fauna of an area in all its diversity. The possible combinations within co-operative units, or between these units, or between co-operatives and their members, or between the different types of co-operatives, or even between co-operatives and other organisations, are examined and made clear with the help of various tables and diagrams. One sees all the problems involved. After this section, the reader really knows what the co-operative movement is about.

The third section, the *sociological approach*, draws particular importance from the fact that hitherto co-operative thinking has been mainly juridical, political in a certain lofty sense, and economic. Something was missing. Prior to our author, there had been very little attempt—and that only rudimentary—to apply to the study of co-operation this new and still emergent science, so difficult to understand and at the same time so necessary.

Necessary, because human relationships in the co-operative movement, whether between individuals, between

the very diverse groups—from the family up to the State and even internationally—which exist or come into being, between individuals and groups, cannot be fully understood if they are examined only from the point of view of law, or finance, or interests, or formal authority. And the quality of these relationships is the deciding factor in the success of every co-operative.

Juridical regulations and economic facts are certainly present in this section. But, set in a sociological context, they take on more of their true significance and importance than when considered in isolation. The contribution of sociology is thus to enrich, and to bring more realism to co-operative thinking.

And in particular, it is in this so difficult implantation of co-operation in the countries of the Third World, that sociology is the more rigorously indispensable.

The essential convictions

The two last chapters, "The Co-operative Conviction" and "The Co-operative Culture", are those in which Desroche presents his personal thinking and his main ideas. At the same time they deal with the ideas most in the minds of convinced co-operators.

However, the author is not a doctrinaire who wants to lay down the law on all controversial problems. Where divergence exists, he understands the various points of view from within, and sympathises with all of them.

There is a parallel between his personal evolution towards co-operative conviction, and the evolution in history which led to the birth of co-operatives.

In both cases, we find first the communal idea, or rather aspiration, the desire for a wholly communal life within the framework of property held wholly in common.

This aspiration, particularly in moments of difficulty, springs from memories of security and wellbeing experienced in the past. With individuals, memories of childhood within the family

cell, and also, with Desroche, of a specific experience. With peoples more particularly in the age of individualism and great proletarian misery, evocation of the communities of the past and the few traces which remain of them. The memories become nostalgia, which in turn orientates and inspires longings, we dream of reconstituting tutelary communities, and Utopias are born.

Desroche—who has a cruelly lucid page on the pure theoreticians, the doctrinaires, the apologists for co-operation — rehabilitates Utopia, for which capitalists have only complete scorn and which Marx fiercely condemned.

Henri de Man showed earlier that Marx was right to reproach early socialism for its utopian character, but that he had been completely wrong to reject at the same time the very strong sense of the ethical basis of socialism felt by these pioneers.

The author explains and analyses the co-operative ethic, which is one of the practical applications of the socialist ethic, and thus overtook the article which I myself published, almost at the moment his book appeared, on this fundamental question.*

Henri Desroche goes further than de Man in his rehabilitation of early socialism. He rules out all scorn for utopists. He sees in utopianism, not indeed an effective means, but the manifest expression of great needs, and he finds in it besides an *unexpected fecundity*.

The great adventure of the Rochdale Pioneers is typical. They opened their shop with the hope of paving the way for an integrated community, but this never saw light and the intention was lost to sight, although consumer co-operatives and the famous four co-operative principles have had, and still have, enormous practical use. A communal utopia, first dreamed about, then described, then engendering experiments, was thus trans-

formed enabling it to “approach the shores of reality”. Christopher Columbus, sailing for the Indies, discovered America. Such is the use of Utopia. “Without the mirage, no caravan would ever have started out”.

This conviction gives Desroche a firm confidence in the future of Co-operation. In spite of the frequent setbacks. He recalls an aphorism of Charles Gide: “The true mark of faith is not endurance but rebirth”! He bravely enumerates, looking them well in the face, a list of the “disillusions” which have marked the history of the movement, but nonetheless concludes, quoting the sociologist Roger Bastide, and addressing the Goddess of Hope: “Sister, supposing we started again?”

* * *

This book, abundantly informative, profoundly elucidative, psychologically stimulating, will render widespread service. It provides a solid knowledge of the facts and ideas of the co-operative movement. Its bibliographical references will be very useful to all those wanting to deepen their knowledge or carry out new research. Its fundamental ideas will provide food and stimulus for co-operative thought, and probably even for co-operative action.

One is tempted to declare such a work “exhaustive”. It is difficult to find anything really worth while saying, that does not appear in it. But an exhaustive book—that too—is a utopia.

Let us say, then: the nearest to an exhaustive work in the whole of French co-operative literature, and possibly also among all the co-operative books in the world.

I would add that the author has not exhausted the range of his investigations. The seminar for co-operative managers which he enlivened, his conference on co-operative management in a commercial science high school, indicate the field to which his thoughts are now turning.

GEORGES LASSERRE

*Georges Lasserre: “*Morales de classes et morale coopérative*”. Revue des Etudes Co-opératives. 186, no. 4, 1976, pp. 23-41.

Co-operative Democracy in Industry
by James Leonard. *Co-operative Productive Federation*, 42 Western Road, Leicester. U.K. £1.

The New Workers Co-operatives.
Edited by Ken Coates. *Spokesman Books*, 45 Gamble Street, Forest Road West, Nottingham, U.K.

Mr James Leonard, who died in the autumn of 1976, was for sixteen years Secretary of the Co-operative Productive Federation. During these years he wrote a number of booklets for the Federation and *Co-operative Democracy in Industry* is one of the last of these. It is a reprint of an address given to a Week End School of the South Suburban Co-operative Society in 1975.

It is also a comprehensive survey of the problems facing co-operative productive societies in Britain. He begins by drawing a clear distinction between policy-making by an elected Board of Directors or Committee of Management and day-to-day management by full time professional managers; and goes on to discuss participation by workers as *workers* in the running of an enterprise as distinct from their participation as worker shareholders. He also discusses the problem of providing co-operative productive societies with sufficient share capital, the possible role of a Co-operative Development Agency and the value of a "pre-co-operative" stage in the formation of co-operative productive societies.

Mr Leonard also discusses the "worker controlled" projects that have recently come to public notice: that is to say the Triumph motor cycle works at Meriden near Coventry, the Kirkby Manufacturing and Engineering Co. Ltd. at Kirkby near Liverpool and the *Scottish Daily News* which was published in Glasgow between May and October 1975. Mr Leonard argues that these are hierarchic rather than democratic in character because the shares of the company operating the enterprise are held by a trust for the benefit of the workers. The board of the enterprise is, however, elected by the equal vote of the workers in the enterprise: though

on a trade union basis. Kirkby Manufacturing and Engineering is more like a conventional co-operative with shares in the company held by the workers and with equal voting, while the *Scottish Daily News* raised share capital from outside as well as from worker members.

Mr Leonard recognises that agricultural enterprises registered as companies may be, in substance, co-operative associations and recognised as such for tax purposes; but considers that enterprises, to be accepted as co-operatives, ought to be registered under co-operative legislation. There are, however, difficulties about doing this in countries such as Denmark and Norway that have lacked specifically co-operative legislation and the ICA statutes argue that the observance of co-operative principles is more important than its legal form in determining whether an enterprise is or is not a co-operative.

All three enterprises were established with the help of finance from the Government when conventional companies had got into difficulties. The Meriden co-op received nearly £5 million in loans and grants, Kirkby Manufacturing and Engineering, which makes radiators, pressings for the motor industry, air conditioning equipment, fruit drinks and other things received about £4 million while the *Scottish Daily News* got just over £1 million. The three enterprises are described in detail in the book *The New Workers Co-operatives*.

The contributors to this book have no inhibitions about describing the three enterprises as "workers' co-operatives" in spite of Mr Leonard's doubts. Although the *Scottish Daily News* was compelled to close in October 1975 the Meriden and Kirkby co-operatives seem to be doing considerably better than was predicted by Government experts in spite of the difficulties of the motor and motor cycle industries and the country; and although neither of them are registered under the Industrial and Provident Societies Acts both observe the co-operative principles of a limited return on capital and equal

voting irrespective of shareholdings. The motor cycle co-operative employs about 600 people and Kirkby Manufacturing and Engineering about 800. In assessing these experiments in co-operative democracy Mr Richard Fletcher argues that the Co-operative Development Agency promised by the British Government should

be set up without delay, and that the resources of the recently established National Enterprise Board should be used to promote new workers' co-operatives and to assist the conversion of conventional companies into workers' co-operatives.

PAUL DERRICK

Progress Report April 1975-March 1976—Annual Report of the Organisation of the Rural Poor. *International Confederation of Free Trade Unions (Asian Regional Organisation), New Delhi, India.* 1976. 56 pp. photos. (mime).

The Report reviewed here is a useful addition to the material published by a great number of organisations, including the Co-operative Movement, on the possibilities of providing effective economic support to the rural poor. Ed.

The Report under review contains the achievements and problems of the programmes initiated in a project area by the Asian Regional Organisation (ARO) of the International Confederation of Free Trade Unions (ICFTU). The Report highlights the fact that unless the rural poor are organised, they can neither end exploitation, nor take advantage of various developmental programmes. In spite of economic planning in India, and the so-called Green Revolution, rural income inequalities have increased. The ARO has been in constant touch with the agencies and scholars involved in the field of rural development in order to acquire proper insight into the complex problems facing the rural sector. The ARO's main thesis is that the community approach to rural development is ineffective so long as the rural sector is dominated by a powerful class which not only controls the agencies of local Government and administration but also takes a lion's share of the gains from any innovation. This situation calls for collective action by the organised group of the under-privileged.

The *Organisation of the Rural Poor* (ORP), which is a registered body, aims at (a) educating the rural poor on their rights

and opportunities, (b) exercising responsible pressure for promoting the interests of members and eliminating obstacles to full involvement of the lower income groups, and (c) provision of opportunities for the rural poor for effectively participating in development.

As against small organisations which failed in the past to protect the rural poor, the Report favours "local groups linked to others in a central organisation responsible for control of finance and servicing, i.e. the branch unit with duly elected officials to the region, and from there to the centre . . . the only effective guarantee of organisational autonomy lies in full membership involvement and leadership development." (page 9).

The project area discussed in the Report consists originally of 20 selected villages (13 more were added recently) with a population of 17,528 of the Karanda Block of Ghazipur, one of the easternmost districts of Uttar Pradesh. The area has enough resources for the rapid progress of the agrarian economy, but remains very poor. The second chapter is devoted to a discussion of the socio-economic conditions of the area.

The third chapter deals with the administrative structure of the ORP. All those rural poor above the age of 18 can become members by paying a yearly membership subscription of Rs. 6-00 or over, per family, as determined from time to time by the Executive Committee. The administration is carried on by its General Body. A Board, which also includes representatives of some international organisations, was set up as a promoting agency. About 40 per cent of the total eligible families have enrolled as members

in spite of initial scepticism. Now they are extending full co-operation. To look into the needs, requirements and difficulties of the individual members, the ORP has set up village committees in different villages, though their performance till now is far from satisfactory.

The fourth chapter contains the Progress Report. Provision of gainful employment for the rural poor throughout the year is the greatest problem as they suffer from all kinds of unemployment. Since most of the members of the ORP are concerned with agriculture, it has taken special interest in supplying various farm inputs, self-help activities to reduce the incidence of unemployment, and also securing loans to start ancillary industries and self-employment schemes. In securing surplus land and inputs at subsidised rates, the ORP sought the help of the Small Farmers' Development Agency.

In addition to paying special attention

to welfare activities, the ORP laid stress on diversifying the Project Area by encouraging such activities as provision of irrigation, fish-rearing, household poultry, training course in woollen blanket weaving, household dairying including marketing milk, pig-rearing and pottery. It is interesting to note that the ORP is even able to secure the services of some retired people.

The project area selected is rich in resources and, as such, the developmental programmes initiated by the ORP are by and large successful. Special problems are associated with the development of areas with poor resources. Nevertheless, the present report will be read with great interest by all those who are interested in rural development programmes, especially in the context of integrated rural development strategy which received attention recently in India.

I. SATYA SUNDARAM

Report of the Committee on Integration of Co-operative Credit Institutions. *Agricultural Refinance and Development Corporation, Bombay, 1976.* Rs. 18/-, pp 260.

The Committee on Integration of Co-operative Credit Institutions appointed by the Reserve Bank of India in September, 1975 to report on the feasibility of integrating co-operative credit institutions, whose report* is under review here, makes out a strong case for integrating the two wings of the credit structure at all levels in the interests of both the farmers and the co-operative credit institutions. Of course, it is not the first time that this idea of integration has been mooted. However the committee has, for the first time, thoroughly examined the pros and cons of integration and come out with specific and sound suggestions.

Two parallel wings have come into existence and developed in the co-operative credit system for historical reasons—

*See also Mr. Kutumba Rao's article No. 2/1976 of the *Review of International Co-operation*.

one wing purveying short- and medium-term credit and the other dispensing long-term credit to the agriculturists. The development of the two wings has not been simultaneous and uniform in many parts of the country. Despite attempts to ensure effective co-ordination, the two wings of the credit structure have grown in a rather mutually exclusive manner. Several experiments in the past particularly at the base level have not strengthened the credit structure. In the context of colossal credit requirements estimated for agriculture, and the leading role assigned to co-operatives in providing production and development credit for agriculture, this committee had to examine the need for continuance of the dichotomous pattern in the co-operative credit structure.

Starting with a review of historical thinking on the justification or otherwise for the separate existence of the two wings of credit structure, which has largely weighed in favour of integration, the committee proceeds to present the views of selected central and state ministers,

officials and non-officials, co-operative federations and also one of the members of the committee who was opposed to integration at any level. The committee had to look at the issue from three angles, viz, that of the nation, borrowers and co-operatives. The committee feels that the credit system can play its full role in agricultural development only if the imbalances in its growth are corrected and the co-operatives equipped to provide credit facilities in an integrated manner. The special studies conducted by the committee provide sufficient evidence of the inadequate support from the short-term wing for development credit granted by land development banks and *vice versa*. These studies also show that in a large number of cases, the farmers who received long-term loans were neither members of primary agricultural credit societies nor had they been sanctioned any crop loans. The committee has, therefore, reinforced the recent thinking on the subject, that integration of all types of credit is beneficial to both the borrowers and the credit institutions.

Under the proposed system, while the farmer is supplied every type of credit at one contact point, relieving him of great pains in running from pillar to post, the credit agency can take a comprehensive view of the credit worthiness of farmers and finance them accordingly. This system, therefore, avoids the splitting of security between the credit agencies, and conflict between them in realisation of their dues. Further, the immediate advantage of integration at base level is that the scale of business and consequently viability of primaries will improve considerably, which will in turn enable them to employ qualified full time paid secretaries for effective functioning. Another advantage is that common supervision arrangements will facilitate better and continuous watch over the utilisation of loans and make recovery measures more effective. The committee finds dwindling scope for the conventional business of land development banks and feels that if the co-operative credit struc-

ture is to effectively play its role side by side with commercial banks, integration of credit functions will be necessary.

Describing integration at the district level as a corollary to the acceptance of the idea of integration at the primary level, the special studies of the committee have shown that this would bring considerable advantage to district and state level institutions from better fund management and overall efficiency in the mobilisation and development of resources. At the district level, the integrated banks will become more viable with large resources as well as larger and more diversified lending. They will be able to appoint their own technical and other staff for undertaking diversified functions and be less dependent on State Governments. A single apex credit institution will be in a position to plan and execute lending programmes in a co-ordinated and better manner than two institutions, would accomplish individually.

It is rightly recommended that integration be brought about at all levels but in a phased manner, possibly within a period of three to five years, starting with the primary level in the areas where primary credit societies have been re-organised. At the intermediate and apex levels, new institutions called "District Co-operative Development Banks" and "State Co-operative Development Banks" respectively should be organised to take over the existing institutions in the two wings. The Committee did not fail in its duty to suggest the mechanics for effecting integration. It has also provided a legal framework for it in the form of model laws, schemes of integration, amendments to existing bye-laws of co-operative credit institutions and also amendments to other relevant acts.

Separately from the issue of a unified credit structure, the committee suggested certain measures for the simplification of lending procedures by co-operatives, which would cut across the cumbersome formalities for obtaining securities, and facilitate diversified lend-

ing. A simplified method of borrowing funds through bonds and loans instead of the present system of debentures backed by mortgage is also suggested. The committee has sought to widen the scope for lending by amending the definition of "agriculture". Many administrative reforms are also suggested for strengthening the integrated credit structure at all levels.

The major arguments put forward against integration are the lack of competence on the part of primary agricultural credit societies in handling long-term business, loss of the expertise built up in the long-term wing, the likely increase in interest rates on long-term loans and the adverse effects of overdues on eligibility of banks. The committee has, however, after carrying out field studies, rejected all these arguments. While the arguments of the committee in favour of integration seem to be substantial and sound the minute of dissent of a member, appended to the report, deserves notice as it tends to strike a note

of caution in proceeding with the scheme of integration. He feels that the approach of the committee is biased in that the committee has mostly ascertained the views of Chief Ministers, Co-operation Ministers of State Governments and officials on the integration issue, but sufficient opportunity was not given to non-official co-operators connected with long-term credit structure and to the beneficiaries. He concludes, from his analysis of the advantages of integration, *vis-a-vis* the disadvantages, that it is neither in the wider interest of farmers nor beneficial to the co-operative credit sector.

Whatever be the merits claimed of integration, the scheme suggested for the purpose should be tried experimentally in a few selected states to ascertain the practicability of the proposition, as what appears to be good on paper may not be in the field. Until then, this report is a good source for explicit exposition of the subject of study.

M. KUTUMBA RAO

The International Co-operative Alliance

11 Upper Grosvenor Street, London W1X 9PA, U.K.

Tel: (01) 499 5991

Director: Dr S. K. Saxena

**Regional Office and Education
Centre for South-East Asia**

Bonow House

**PO Box 3312, 43 Friends Colony,
New Delhi 110-014, India**

Tel: 631541 632093

Regional Director:

Mr P. E. Weeraman

**Regional Office for
East and Central Africa**

PO Box 946,

Moshi,

Tanzania

Tel: 4706

Regional Director:

Mr Dan Nyanjom

Affiliated Organisations

ARGENTINA

Federación Argentina de Cooperativas de Consumo, Avda. Suárez 2034, Buenos Aires. Tel. 28-5381/3.

Intercoop Editora Cooperativa Limitada, Alberti 191, Buenos Aires. Tel. 47 21 49.

Asociación Argentina de Cooperativas y Mutualidades de Seguros, Avenida de Mayo 1370, Piso 1°, Buenos Aires. Tel. 33-0222/7138.

Federación Argentina de Cooperativas de Crédito Ltda., Pueyrredon 468, 2° Piso, Buenos Aires (RC 24). Tel. 86-6283.

Asociación de Cooperativas Argentinas, 25 de Mayo 35, Buenos Aires. Tel. 30-8741. Telex BA 012-1876.

Confederación Cooperativa de la República Argentina Ltda. (COOPERA), Moreno 1729, Buenos Aires.

Instituto Movilizador de Fondos Cooperativos, Urquiza 1394, Rosario. Tel. 44223.

AUSTRALIA

Co-operative Federation of Australia, P.O. Box 347 Canberra City A.C.T. 2601 Tel. 062-48 7816.

AUSTRIA

Zentralkonsum Österreich GmbH Theobaldgasse 19, A-1061 Vienna VI. Tel. 57-75-38.

Österreichischer Verband gemeinnütziger Bau-Wohnungs- und Siedlungsvereinigungen, Bösendorferstrasse 7/11, 1010 Vienna. Tel. 65-71-63; 65-13-25.

Österreichischen Raiffeisenverband, Hollandstrasse 2, 1020 Vienna. Tel. 26 360.

BANGLADESH

Bangladesh Jatiya Samabaya Union, "Samabaya Sadan" (1st floor) 9/D- Motijheel Commercial Area, Dacca 2. Tel. 255846.

BELGIUM

Fédération belge des Coopératives (FEBECOOP), 26-28 rue Haute, 1000 Brussels. Tel. 13-28-60; 11-83-50.

Société Coopérative d'Assurances "La Prévoyance Sociale", P.S. Building, 151 rue Royale, 1030 Brussels. Tel. 18-80-80.

Fédération Nationale des Coopératives Chrétiennes, 135 rue de la Loi, 1040 Brussels. Tel. 02735-60-90.

L'Economie Populaire, 30 rue des Champs, 5300 Ciney (Namur). Tel. 228-01.

OPHACO (Office des Pharmacies Coopératives de Belgique), 602 Chaussée de Mons, Anderlecht-Brussels 7. Tel. 22-56-90.

BULGARIA

Central Co-operative Union, Rue Rakovski 99, Sofia. Tel. 88-03-11.

CANADA

Co-operative Union of Canada, 111 Sparks Street, Ottawa KIP 5B5, Ont. Tel. 232-9657.

Conseil Canadien de la Coopération, 2030 boul. Pére Lelièvre, Quebec.

CHILE

Cooperativa Sodimac Ltda., Casilla 3110, Santiago. Tel. 778506.

Cooperativa de Empleados Particulares Ltda., Teatinos 601, Casilla 424, Santiago. Tel. 82935.

Instituto de Financiamiento Cooperativo, (IFICOOP) Ltda., San Antonio 220—2° piso Casilla 1118, Santiago. Tel. 398253.

Unión Cooperativa de Seguros (Ucoseg) Ltda., Moneda 1040, of. 704-705, Santiago. Tel. 81295; 65100.

Unión de Cooperativas de Consumo y Servicios de Chile Ltda. ("U-Coop"), Agustinas 1141, 7° Piso, Casilla 14439, Santiago. Tel. 715256.

COLOMBIA

Cooperativa Familiar de Medellín Ltda., Calle 49, No. 52-49, Medellín. Tel. 45-00-55; 41-71-13; 41-53-78.

Instituto Nacional de Financiamiento y Desarrollo Cooperativo (Financiacoop), Carrera 13, No. 27-00, Edif. Bochica, piso 2°, Int. 9, Apto. Aereo 12242, Bogotá. Tel. 81-06-00.

CYPRUS

Co-operative Central Bank Ltd., P.O. Box 4537, Nicosia. Tel. 62921; 62677; 63311.

Cyprus Turkish Co-operative Central Bank Ltd., P.O. Box 1861, Nicosia. Tel. 4257.

Vine Products Co-operative Marketing Union Ltd., P.O. Box 314, Limassol. Tel. 2331; 2872; 4582.

CZECHOSLOVAKIA

Ustredni Rada Druzstev, Tesnov 5, 11006 Prague 1. Tel. 621-54; 647-51.

DENMARK

Desamvirkende danske Andelsselskaber (Andelsudvalget) (The Central Co-operative Committee of Denmark), Vester Farimagsgade 3, DK-1606 Copenhagen V. Tel. 12-14-19.

Det Kooperative Faellesforbund i Danmark, Reventlowsgade 14, 2-1651 Copenhagen V. Tel. 12-22-62.

Faellesforeningen for Danmarks Brugsforeninger (FDB), Róskildevej 65, 2620 Albertslund. Tel. 64-88-11.

EGYPT

Central Agricultural Co-operative Union, 35 Elsadd Alali Street, Dokky, Cairo.

FIJI

Fiji Co-operative Union, Registry of Co-operative Societies, Co-operative Department, Suva, Fiji.

FINLAND

Suomen Osuuskauppojen Keskuskunta (S.O.K.), (Finnish Co-operative Wholesale Society), Vilhonkatu 7, 00101 Helsinki 10.

Yleinen Osuuskauppojen Liitto r.y. (Y.O.L.) (General Co-operative Union), Vilhonkatu 7, 00101 Helsinki 10.

Kulutusosuuskuntien Keskusliitto (K.K.), r.y., P.O. Box 740, 00101 Helsinki 10. Tel. 170491.

Keskusosuusliike O.T.K. (Central Co-operative Society) O.T.K., P.O. Box 120, 00101 Helsinki 10. Tel. 750731.

Pellervo Seura, Central Organisation of Farmers' Co-operatives, Simonkatu 6, P.O. Box 77, 00101 Helsinki 10. Tel. 602066.

Pohja Yhtymä, Runeberginkatu 5, 00101 Helsinki 10.

FRANCE

Fédération Nationale des Coopératives de Consommateurs, F.N.C.C., La Maison de la Coopération, 27-33 Quai le Gallo, 92100 Boulogne Billancourt. Tel. 604.91.78.

Société Générale des Coopératives de Consommation, La Maison de la Coopération, 27-33 Quai le Gallo, 92100 Boulogne Billancourt. Tel. 604.91.78.

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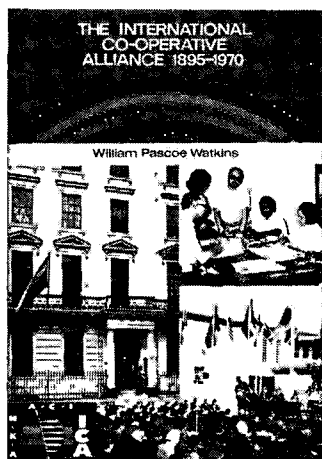
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Review of International Co-operation



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IN THIS ISSUE

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Obituary - Lord Rusholme

THE INTERNATIONAL CO-OPERATIVE ALLIANCE

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Vol 70 No 3 1977

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Editor: J. H. Ollman

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XXVIth CONGRESS of the INTERNATIONAL CO-OPERATIVE ALLIANCE

Paris, France
28 Sept - 1 Oct 1976





UNESCO House, the Congress venue

XXVIth Congress in Brief

*This issue of the Review of International Co-operation
is devoted to a shortened version of the 26th ICA Congress
held in Paris in 1976*

*A full Report of Congress will be published later this year.
The shortened version of the Report was prepared by
Ms L. Kent, Information Officer of the ICA.*

Opening of Congress

First Session

**Tuesday, 28th September 1976
(morning)**

More than four hundred and ninety delegates representing 114 organisations from 49 countries, and more than 300 observers and visitors, attended the opening of the 26th Congress of the International Co-operative Alliance held at UNESCO House, Paris on Tuesday, 28th September, 1976.

Mr ROGER KERINEC, President of the Alliance, opened the Session and extended a welcome to Mr Giscard D'Estaing, President of the French Republic, members of the French Government, and other distinguished visitors, delegates to Congress and representatives of the United Nations and its Agencies, of Government Agencies giving support to developing countries and from international non-governmental organisations.

Although four previous Congresses had been held in Paris, this was the first time that the opening of Congress had been honoured by the attendance of the President of France.

In introducing Mr A.-M. M'Bow,

Director General of UNESCO, Mr Kerinec expressed the thanks of the International Co-operative Alliance to UNESCO for their kindness in allowing the Congress to be held at UNESCO House.

Welcome by Director-General of UNESCO

In welcoming the distinguished guests and delegates to Paris, Mr M'BOW said that this Congress would be of special importance as it would give the Alliance the means of furthering the Co-operative Development Decade. This would have considerable influence throughout the world, and it would be followed with great interest by UNESCO. For UNESCO it was true, as for all other agencies of the United Nations, that Co-operation was not only a means to action but the stimulus for that action.

It was true to say that the road which led to understanding between all peoples and to the fair sharing of the fruits of progress between all people was still strewn with obstacles. Despite the efforts made armed conflicts had never ceased for one day. Despite the progress towards decolonisation, many people

still lived under the yoke of colonialism. Despite all efforts made in developing the world economy hundreds of millions of people still had a precarious existence. Despite the developments in education, hundreds of millions of people did not yet know how to read and write. When one considered the enormous financial and scientific resources and human efforts devoted to the means of destruction, those concerned were right to be pessimistic.

The presence of so many co-operative leaders however, showed that they were not victims of pessimism. They realised how great the difficulties were but they were confident that they could be overcome. They understood that misunderstanding and antagonisms were powerful but that they must be overcome through Co-operation. This common conviction of the ICA and of UNESCO was shown by the importance the ICA was giving to the New International Economic Order which the UN is supporting.

Justice demanded that the increasing inequalities which were a constant threat to peace be removed. It was in everyone's interest that all should benefit from the solution of economic problems and the achievement of general social well-being. No task in the world today was more urgent than the need for solidarity in all branches of human activity.

Since 1961 when the ICA had received consultative status with UNESCO useful collaboration had been developed between the two organisations. The ICA had been represented at Sessions of the General Conference of UNESCO and had participated in consultations and meetings of technical experts. The work carried out in collaboration with

UNESCO had been most effective in the field of adult education, in the training of co-operators and particularly in the important field of literacy.

Mr M'Bow extended his warmest wishes for the success of the work of the 26th Congress of the ICA and expressed the hope that the spirit of mutual respect, understanding and social justice, which characterised co-operative action, would make a lasting contribution towards peace amongst the people of the world.

The President's Inaugural Address

In his address, Mr R. KERINEC stressed that the purpose of the Congress was not to examine the past, but to plan the future work of the ICA and to investigate how to promote further collaboration between co-operatives in all fields of activity. These two themes were to form the major part of Congress discussions.

The President drew attention to the conditions under which the co-operative movement could make a contribution towards a world that was more equitable, because Co-operation was based on solidarity and participation. The first co-operatives were created as a reaction against private profiteering. Co-operatives had always preferred the virtues of working together to the athletic joys of battling for life.

In 1895, when co-operators showed the importance they placed on relations between people, they established the International Co-operative Alliance, which today was one of the oldest and most powerful international non-governmental organisations. Since those days, co-operators had forged links across borders that surpassed the level of good-

will and good intentions. These links had allowed them to exchange experiences and to undertake joint activities in the field of production, distribution, housing insurance, credit, banking, petroleum products, agriculture, fisheries and other fields. Today co-operators were involved in issues such as food and energy resources, the dangers that menace the environment and the health of the people of the world. This did not mean that Co-operation alone was an infallible solution to these problems, but it did mean that it could make a unique contribution to the solution of these problems.

Mr Kerinec expressed the hope that co-operatives would in future provide more striking evidence that they had the capacity to undertake on a worldwide level actions of such range as to demonstrate another method of managing matters, another way of tackling problems than those which were today practised by gigantic national or multinational private enterprises whose interests did not always coincide with those of the people.

This appeared to be particularly relevant to aid to developing countries, the most serious problem of them all. Everybody recognised that the gap between the rich and the poor countries was widening, particularly as regards the least developed countries. The international community was sinking into what the President of the French Republic had described at an UNCTAD meeting, as "a sort of placid resignation". The people of the so-called rich countries were losing interest in development aid because they felt that it did not achieve its objectives.

The need for a New International Economic Order was now recognised by

most nations and the outlines of this new Order were beginning to be perceived. It was now a question of developing a strategy for all countries for basing the growth of a country on the satisfaction of the needs of its people and of helping people to help themselves. These were ideas which had long been advocated and the ICA had been promoting, particularly through the work of its Regional Offices in Asia and Africa.

Mr Kerinec stressed that these were ideas for which the co-operative movement would be prepared to work, but only on certain conditions and he underlined the fact that co-operatives were not a panacea or a miracle solution to the problems of poor countries. There had been failures by co-operatives in developing countries, and the ICA and its member organisations had to ask themselves whether they had not at times been somewhat over-hasty in promoting the growth of co-operatives, without assuring themselves that such co-operatives were viable. Failures by co-operatives were not always attributable to their own actions, but to the fact that conditions needed for success had not been met. The first condition was that efforts deployed by co-operatives must form part of an overall development strategy.

It was also necessary—and this was the second condition—for governments to consider Co-operation as a true instrument for social change and not as a means of helping the stronger sections of the community to help themselves. In order to be successful, co-operatives had to be inspired and wanted by the people and not only by a few officials.

Far too many governments were using co-operatives for their own ends. A number of co-operative movements had

been dissolved or nationalised—either when they had failed or when they had succeeded too well. It was tempting to take over co-operative banks, co-operative insurance societies, credit unions and others once they had accumulated considerable funds. However, governments had a role to play, particularly in developing countries, in assisting new co-operatives in order to ensure that they were run efficiently. But governments must be told that co-operatives could not be imposed on people, and that in order to be efficient, co-operatives had to be lived by the people themselves. It was only under these conditions that co-operatives could in complete independence, make a contribution to an economic and cultural evolution without social disintegration, develop self-confidence amongst co-operators, and mobilise the energies of the people necessary to develop joint action for the benefit of the community.

The President reminded Congress that the Alliance had succeeded in surmounting all the crises this century had known, sometimes narrowly avoiding splits and divisions. This he attributed to the fact, that the ICA did not bring together representatives of governments, but representatives of the millions of men and women who had chosen Co-operation as a way of life. Its permanence was also due to the efforts that had been made within the Alliance to understand one another by accepting the rights of others to be different and thus building something together because of the shared belief in the virtues of the co-operative form of organisation—one of the rare systems that sacrificed neither freedom nor social justice to economic or technological progress.

Mr Kerinec then called on the President of the French Republic to address Congress.

MR VALÉRY GISCARD d'ESTAING said he was pleased to accept the invitation extended to him by the President of the ICA to participate in the opening of the 26th Congress, because he regarded the International Co-operative Alliance as one of those organisations which could make a contribution towards the search for a New International Economic Order. This ambition was within the resources of the Alliance which proclaimed with legitimate pride the federal power of 326 million co-operators from 65 countries.

For the fifth time in its history the ICA had decided to carry out its work in Paris, under French chairmanship and at the Palace of UNESCO. He wanted to address to each person attending Congress a personal welcome and to wish all delegates a pleasant stay in the French capital which had at all times sought to provide welcoming shores for ideas of human progress.

His speech would not only be that of a host greeting visitors, but as a Head of State, as President of the French Republic, who wanted to call on the International Co-operative Alliance to make its contribution towards the solution of the problems of today—a contribution which could have a twofold nature: at the national level, to provide an example for economic and social progress; at the international level, to act as a privileged instrument for development.

At the national level, thought was being given in a large number of countries to finding a better content to working life, and to turning enterprises into real human communities. Each country had



At the opening of Congress—Mr Valery Giscard d'Estaing, President of France, Mr Roger Kerinec, ICA President, and Mr A.-M. M'Bow, Director-General of UNESCO

its own specific methods and it would be naive to believe that any example could be automatically exported from one nation to another. And it would be equally naive to think that it was possible to invent an abstract formula, based on principles and not on reality.

In this connection, the co-operative movement presented two distinguishing features: first, it existed; and secondly, it existed nearly everywhere. Co-operative enterprises were usually born through local initiatives and in general preserved human dimensions, thus con-

stituting efficient centres of resistance against the exodus of workers and the devitalising of rural areas. As they were neither branches nor subsidiaries of national or multinational groups, they also had a genuine autonomy of management. The co-operative system was thus the opposite of centralisation and bureaucracy. At a time when it was prevalent for men to try to unload their responsibilities on others, the co-operative movement offered a positive concept of responsibility.

As he had mentioned before, the Co-

operative Movement existed nearly everywhere—in the East as well as in the West. This was a matter of basic philosophy concerning its economic and business activities, free from any particular political or ideological dependence. It was therefore clearly distinct both from capitalist enterprise and from a collective enterprise, from the liberal economic system and the centralised economic system. This fact arose without doubt from the remarkable independence which the co-operative movement had always demonstrated and which would remain the mainspring for its inspiration in the future.

Speaking of the contribution which Co-operation could make towards the problem of development, the President of the French Republic referred to the initiative taken by the French Government in creating the North-South Conference which was at that very moment continuing its researches and preparations into a New International Economic Order. Every country must feel that such an economic order should be brought about through discussion and joint planning between countries and not through forcibly imposed relationships.

In his view the co-operative model seemed to respond well to the aspirations of many developing countries. The co-operative system demanded of its members the willingness to act by themselves, for themselves. It took for granted an enterprising spirit. It was up to the Congress to delineate the necessary principles of action, so that the co-operative movement could develop in those countries without succumbing to the dangers which existed of these movements being taken over or being centralised by bureaucracy. Thus the

content of the Executive Committee's decision to make 1970-1980 the "Co-operative Development Decade" would be reinforced. The lines of action that needed to be defined would naturally follow the course drawn up by the 1974 United Nations General Assembly calling upon Governments to establish a New International Economic Order.

The ICA had set up Regional Offices in New Delhi and Moshi which were working effectively to assist co-operative movements in Asia and Africa. The efficiency of this action had been achieved through a rapprochement between co-operative bodies and governments.

Governments generally provided assistance to developing countries, but it was becoming more and more apparent that aid, without sufficient local participation, without being part of the economy of the particular country, was not achieving its aim. To improve the quality of their assistance donor governments would have to improve the systems of information, preparation and transfer in order to provide the resources which truly corresponded to the real needs of the countries concerned. It would be possible to include co-operatives amongst them as had been shown by technical assistance given by several European countries in collaboration with the ICA. In order to use the co-operative channel it must be assumed that each government recognised the importance of the co-operative sector, by encouraging its development and he assured Congress that France would do this.

In the recent proposal for reform of industry, measures favouring the co-operative sector had been included. A Bill was in preparation for submission to the French Parliament to facilitate the

development of workers' productive co-operatives and to increase the participation of workers in the management of their enterprise.

Governments had to be prepared to use the international co-operative network, without impairing its liberty, to distribute or receive development aid. France was disposed to do this, and would so do as soon as the co-operative movement was sufficiently organised at international level to offer the necessary guarantees of effectiveness. This Congress could be the occasion for reflection and useful proposals on this theme.

Welcome on behalf of the French Co-operative Movement

In his address of welcome on behalf of the French Co-operative Movement, Mr A. ANTONI pointed out that since the establishment of the ICA four Congresses had been held in Paris. The first one in 1896 when the ICA was very new, in 1900 when co-operators declared their hopes at the time of the Great World Exhibition in Paris, and in 1937 at a time when the world was overshadowed by the threat of war; and in 1954 when Marcel Brot appealed to all co-operators for their work to be a true witness to the will of all nations and ideologies to show that people could really co-operate and organise themselves in the interests of peace.

Of all the international non-governmental organisations the ICA was the only one which had survived the two World Wars and also the Cold War. This was proof of the will of co-operators to stand together. Co-operation had spread throughout the world. It had become a means by which men and women were able to change their economic circum-

stances, could act together to establish a more equitable society and could prevent the strong exploiting the weaker section of the population.

Organisations in membership with the ICA represented various types of co-operative activity. It was important to support each sector of co-operative activity and to encourage each member to play a full part in the working of the co-operative movement.

Distinguished Guests and Fraternal Delegates

The President introduced the distinguished guests and fraternal delegates. The guests of the Alliance were Dr M. Bonow (former President of the Alliance) and Mrs Bonow and the guests of the French co-operative movement were Mr W. P. Watkins (former Director of the ICA) and Mrs Watkins.

The United Nations and their Agencies were represented by Mr H. Morsink (UN), Mr A. M. M'Bow, Mr Rigaud and Mr Gaudin (UNESCO), Mr Francis Blanchard and Mr Raymond Louis (ILO), Mr K. A. P. Stevenson and Mr N. Newiger (FAO), Mr A. Krasnov (UNCTAD), Mr A. E. Saenger and Mr M. Janjic (UNIDO).

National technical assistance agencies supporting co-operative development in the Third World were represented at Congress by Mr K. Lund-Jensen and Mr G. Lemke from the Danish International Development Agency (DANIDA); Mr A. Arnsen from the Norwegian International Development Agency (NORAD) and Mr S. Pellback from the Swedish International Development Authority (SIDA). The developing countries were represented by Mr A. C. George, Minister of State for

Cooperation (India) and Mr A. U. A. Mutallab, Federal Commissioner for Cooperatives and Supply (Nigeria).

The International non-governmental organisations were represented by Mr A. A. Bailey of the World Council of Credit Unions; Mr T. Sidibé and Mr R. Hewlett of the Joint Committee for the Promotion of Aid to Cooperatives (COPAC); Dr M. Cracknell of the International Federation of Agricultural Producers (IFAP); Mr R. Romieu of the International Organisation of Consumers' Unions (IOCU); Mr A. Van Hulle of La Comité Générale de la Coopération Agricole de la Communauté Economique Européen (COGECA); Mr E. Horii of the International Confederation of Free Trade Unions and Mr G. Spallone and Mr A. Schöne of EURO-COOP.

Fraternal delegates included representatives of French co-operatives not in membership with the ICA, French Civil Servants, Academics and representatives of the French Trade Unions.

In introducing Mr Blanchard, Director-General of the ILO, the President drew the attention of Congress to the close links between the ICA and the ILO which had existed for well over 50 years

Mr FRANCIS BLANCHARD reminded Congress that it was Mr Albert Thomas, the first Director of the International Labour Office, who had given a decisive impetus to collaboration between the co-operative movement and the International Labour Organisation. Right from the outset he had perceived that "through its inherent virtues, through the harmonious synthesis which it can bring about between the necessary development of the individual personality and the equal necessity for collective action, the co-operative association can

serve as a model for the union of our restless and divided nations, and for the building of a single economy in which the conditions for the development of each will depend on the safety of all".

As early as 1921, when Mr Thomas was a member of the ICA Central Committee for a year, he had established links between the ICA and the International Labour Office, within which he had already set up a co-operative branch in 1920.

It was well known that the aspirations of the Alliance towards international Co-operation manifested themselves at a very early stage. Co-operators soon felt the need for what had been termed "collaboration between co-operatives". It was therefore hardly surprising that relations between the Alliance and the ILO, based on this principle had become very fruitful.

Mr Blanchard stressed that he greatly valued the collaboration between the two organisations and that he hoped to see it develop further.

Joint action covered a vast field and extended in many directions. At the present time voices were being increasingly raised in favour of the establishment of a New International Economic Order. In this context the ILO had convened a World Employment Conference in June 1976, at which the Government, Workers' and Employers' delegates of its 132 member States had stressed the imperative necessity of satisfying the basic needs of the poorest population groups. The Conference had recalled that mass poverty, particularly in the developing countries, was the major problem of this age. It had stressed that this situation could not be improved without major changes in the economic

system. It had further stressed that the present situation could not be improved unless profound transformations took place in economic relationships, and had affirmed that the purpose of such economic changes should be to transform the social situation of the workers. The Conference had emphasised that if attempts to achieve this were to fail, the outlook for the future of mankind as a whole would be very bleak.

Faced with such a challenge and with an undertaking of this magnitude, co-operatives had an important and well-defined role to play if, as Albert Thomas had said, it was true that Co-operation was "the pre-condition for a national and international economy organised not with a view to profit but with a view to the satisfaction of needs".

Their hope that the co-operative movement might take this path was the more justified in that the concepts which inspired the commission set up to reformulate co-operative principles might perfectly well be applied to the establishment of a New World Order. The World Employment Conference had stressed the role that co-operatives might play in this respect.

One of the many tasks before the ICA Congress was that of fixing the Alliance work programme for 1977-1980. The Long-Term Plan of the ILO covered almost the same period which was of some significance. The projected activities of the ILO had been grouped around a number of areas of main emphasis which were closely related to the concerns of the ICA: mass poverty, employment and training; industrial relations, social security and human rights. In determining the scope of activities of the ICA account should be taken of the ILO

Long-Term Plan. In order that this collaboration should be effective, it should not be limited to harmonising the two programmes, but it should also be institutionally strengthened using the means which were at the disposal of both organisations.

The work of the various committees in the two organisations would gain from being better co-ordinated at the national level at a time when decentralisation of ILO activities was one of its major pre-occupations. It would be most useful if co-operators could organise themselves in such a way as to make known their views systematically to the three ILO constituents: governments, workers and employers. It would be advisable in this respect if co-operators could group themselves into national committees to act as spokesmen. This would ensure that the concerns of the co-operative movement would be more faithfully reflected within the ILO.

Although the group of consultants on Co-operation had now been set up, closer links might be maintained between some of the ICA auxiliary committees and the various committees of the ILO. The Alliance might make fuller use of the possibilities offered by the full consultative status which the ILO granted only to five major international occupational associations.

Only constant day-to-day collaboration could, however, produce concrete results. There were three fields in which such collaboration could be intensified: standard-setting activities, research and technical assistance. The ILO standard-setting activities went beyond the purely co-operative framework to cover Conventions and Recommendations relating to different aspects of man's work, and it



The ICA President signing the Visitors' Book at the Paris Town Hall

also drafted texts which were of concern to the great majority of co-operators. If the efforts of co-operators in the field of research were to take the concrete form of a world co-operative university, the ILO would welcome its creation. In the field of technical assistance, the need to avoid overlapping or dispersal was great since resources were far from adequate to meet the considerable needs.

Mr Blanchard expressed the hope that the work of the Congress might enable delegates to formulate and implement a plan of action which would strengthen the special links which history had forged within the Alliance and the ILO,

so as to build a more just World Order. Other specialised agencies of the United Nations carried on important activities in the field of co-operatives. This was particularly the case with the United Nations itself, FAO, UNIDO and UNESCO. They, like the ILO, would like to strengthen their ties with the Alliance. Permanent access by the ICA to each of these organisations at the highest level was facilitated by the existence of the Joint Committee for the Promotion of Aid to Co-operatives (COPAC). It would thus be a relatively simple matter for the ICA to harmonise its programmes with those of the United

Nations agencies and to co-operate even more closely with them in the fields of standard-setting, research and technical assistance. By making a wider and more systematic use of the facilities offered by these organisations, the ICA would always find them ready to offer it their services.

Congress Committee

Congress approved the appointment of the following as members of the Congress Committee, in addition to the President and two Vice-Presidents: Mr R.

Domper (Peru), Mr T. Janczyk (Poland), Mr M. Marik (Czechoslovakia), Mr W. B. Melvin (Canada), Mrs S. Räikkönen (Finland) and Mr R. G. Tiwari (India).

Tellers

Congress agreed to appoint the following as Tellers: Mr Y. Daneau (Canada), Mr M. Eshref (Cyprus), Dr W. Kellerhals (Switzerland), Mr B. Khvostov (USSR), Mr J. J. Musundi (Kenya), Dr L. Schujman (Argentina), Mr J. Sobieszczanski (Poland) and Mr L. Wilkinson (United Kingdom).

Report of the Central Committee

The debate was introduced by the Director, Dr S. K. SAXENA, who pointed out that the activities of the Alliance derived their relevance from the objects laid down in Article 3 of the Statutes of the Alliance.

During the period under review membership of the Alliance had somewhat increased. Resolutions adopted by the Congress held in Warsaw in 1972 had been implemented by member organisations in various ways. The new formula for subscriptions adopted at Warsaw had been considered to provide for a normal rate of inflation to allow the ICA to carry on its activities; however, the high rate of inflation and the declining value of the pound sterling had created a rather serious situation for the ICA.

The core of the technical work carried out by the ICA was described in the Report under publication and information services, education, library, research, activities relevant to women and youth, work in developing countries and technical assistance mainly through the

ICA Regional Offices, relations with the United Nations and NGOs, and the work of the auxiliary committees.

An assessment of the Regional Office for South-East Asia had been carried out by an international team in 1974 which suggested a more specialised orientation to seminars and conferences organised by the Regional Office. Increasing attention was being given to creating field projects, which were methodologically innovative. In East and Central Africa there was evidence of an encouraging involvement of member organisations and auxiliary committees in providing technical support to the Regional Office in Moshi. In West Africa somewhat isolated activities carried out since the last Congress were now tending to assume some coherence and had raised in the ICA Executive Committee discussions on the need for co-ordinated long-term action in that part of the world. In Latin America, the ICA worked mainly through the Organization of Co-operatives of America and the Latin

American Institute for Co-operative Integration, although more sustained action was yet to be developed.

The ICA continued to enjoy with the United Nations and its specialised agencies and regional commissions a continuing dialogue at various levels. Discussion had ranged around subjects of immediate and direct relevance to co-operators to more remote areas where the Alliance helped in the creation of a climate of opinion favourable to the work of the United Nations.

The Alliance had also been active in its relations with other organisations concerned with the promotion of co-operatives.

As far as the auxiliary committees were concerned, two new committees had been set up since the last Congress, namely the Organisation for Co-operative Consumer Policy and the Women's Auxiliary Committee (formerly the Women Co-operators' Advisory Council). Important conferences and meetings had been organised, including the first Open World Conference on Co-operative Fisheries held in 1975, and several specialised groups had been working on detailed, technical problems.

The ICA had actively participated in a number of efforts dealing with problems of peace and disarmament, subjects which had consistently figured at Central Committee meetings and at Congresses.

Second Session

Tuesday, 28th September (afternoon)

Debate on the Report of the Central Committee

Dr P. TONHAUZER, Czechoslovakia, pointed out that since the last

Congress capitalist countries had experienced growing difficulties, such as inflation, rising prices, and unemployment; new countries had become independent, and people had tried to achieve social progress. The work of the Alliance had been influenced by these developments, and the authorities of the ICA had to make pronouncements on these urgent problems. However, positive aspects had predominated during this period. Good sense had prevailed and even in very complex circumstances acceptable solutions had been found. Unity of action within the Alliance had not only been defended but strengthened. Its democratic and progressive character bore witness to these positive aspects which had become clearer in the Alliance during the last few years. This favourable situation was due to the fact that the ICA and its authorities and also the member organisations had really understood the nature of their work, stressing true collaboration between co-operatives, which would contribute to the successful accomplishment of future tasks.

Mr S. SULEMESOV, Bulgaria, while commenting on the expansion of the activities of the ICA, expressed his regret that the activities of co-operatives in the Socialist countries had not been sufficiently reflected in the Report of the Central Committee. The ICA could profit from the experiences of these co-operative movements which helped their governments as equal partners in the development of their countries.

Mr T. JANCZYK, Poland, pointed out that the activities of the ICA had supported the strengthening of peace, but there were still dangers which threatened peace, such as the competition

between various countries trying to seize raw materials for their own exploitation. As a real mass movement the co-operative movement could organise and mobilise public opinion to demand the end of the arms race. Resolutions on Peace passed by the Central Committee had been given publicity in many countries and co-operators had supported these Resolutions in many ways, but greater efforts had to be made in the future in trying to defend peace in a more intensive way.

In spite of the positive results in many fields of ICA activities, Mr Janczyk called for still greater collaboration between the various ICA authorities, the auxiliary committees and working parties and for greater collaboration between co-operatives and also between the ICA and the United Nations and its various agencies.

Mr A. I. KRASHENINNIKOV, USSR, stated that the 25th Congress in Warsaw had raised and defined a certain number of very important problems and it was now necessary to examine the results which had been achieved in relation to the tasks defined at that Congress. The Report reflected in an exhaustive and complete way the work carried out by the Alliance during these four years.

The last four years had seen considerable changes in the international situation. During this period the ICA took a part in supporting the interests of the people, especially in regard to the Resolution on Peace adopted at the 25th Congress. But with the mobilisation of the forces of reaction, the ICA had to maintain its efforts to strengthen peace and had to continue to fight so that the

growing danger of war might be eliminated.

The Report illustrated the harmful effects of monopolies on the activities of co-operatives. The Alliance in collaboration with other international organisations had attempted to organise public opinion against monopolies.

The ICA had tried to react correctly in relation to the various crises which had arisen in the capitalist countries¹ in recent years. The energy crisis, unemployment and inflation had had a bad effect on the co-operative movement, and they had hampered developments in the poorer parts of the world. Co-operatives must work more closely together, so that the struggle against the monopolies might be fully effective.

In the last few years the activities of the auxiliary committees and the Regional Offices, the most important tools of the Alliance, had grown increasingly. More should be done in the future. Specialists from national movements should be brought in to strengthen these activities. Centrosoyus was ready to support these activities and to send and finance specialists to work in developing countries.

Collaboration between the Alliance and the United Nations and its Agencies had also considerably expanded in recent years. Co-operators had everything to gain from such collaboration.

The prestige of the Alliance was growing every year. This was because the ICA had shown its ability to change and to face up to the new problems confronting the world today.

Mr M. D. HASANOV, USSR, spoke of the Co-operative Development Decade and of Centrosoyus' active participation in the promotion of the Decade.

The USSR had always tried to expand its help to the developing countries in the areas of trade, technology and science.

Massive aid had been given to the developing countries in training workers in the co-operative movement. Aid was given on a planned basis which would benefit the countries concerned, taking into account their future development. Other socialist countries had also taken part in these efforts. In addition, developing countries had been helped in setting up their own management training schemes and technical training for management had also been given. Technical colleges and centres for secondary or higher education had been set up in developing countries and training programmes for thousands of people had been carried out in the USSR.

Exchange of experience had also played an important part. 69 developing countries had sent delegations to the USSR which had been financed by Centrosoyus. Delegations from Centrosoyus had visited developing countries during the Co-operative Development Decade.

Mr N. COLYMPAS, Greece, expressed his pleasure that the Panhellenic Confederation of Unions of Agricultural Co-operatives had once again joined the membership of the ICA after an involuntary absence of eight years due to the political situation in Greece.

After the re-establishment of democracy the co-operative movement initiated elections which reactivated co-operatives in Greece and they were now able to play their part within the international co-operative movement.

Mr Colymvas expressed the thanks of the Greek co-operative movement to the ICA and its member organisations for

their continued support during difficult times.

Mr A. P. KLIMOV, USSR, addressing Congress extended an invitation to hold the 1980 Congress in Moscow.

Speaking on peace he referred to the havoc caused by the First and Second World Wars. The cost of the Second World War had been 12 times greater than that of the First World War. With the weapons of destruction available today, the continuance of human life on earth was certainly at risk.

After the Second World War international relations had deteriorated and astronomical sums were spent annually on military budgets in many countries. Vast sums of money and vast amounts of energy were spent on the development of new types of arms and on research.

A report published by some scientists in the United States dealt with the role of armaments in a social context. It pointed out that "all this military expenditure is contrary to the true interests of humanity, the achievement of peace and security and the happiness of all people."

Humanity was tired of living under the constant threat of atomic warfare. The reserves of arms and atomic weapons had become gigantic, and stockpiling continued. There were more than 15 tons of these weapons for every man, woman and child living in the world today. The stock of atomic bombs in Europe alone was sufficient to destroy some 10,000 towns and cities completely. New arms were being produced all the time. More sinister types of weapons were being planned, including biological warfare. The ecological consequences of this must be recognised as well as the adverse influence on climates which had

been created by experiments, such as the aiming of increasing rainfall in a tropical area which had already affected the climate. The instability caused by interference with ecological processes could have very serious consequences for mankind.

It was the arms race which used up material resources which could be used for the benefit of humanity. Much more could have been done in terms of agriculture, education, medicine and science throughout the world. Such resources could have been used to improve the economy of the developing world in Asia, Africa and Latin America. Better results could have been achieved in the fight against famine, against illiteracy and for better health of the people in the Third World.

Mr Klimov called on co-operators throughout the world to continue the struggle for peace and urged them to work for greater understanding between peoples. Armaments must be decreased throughout the world, so that the world may no longer be divided into military blocs. This was an essential task for all co-operators. This was the only way which could bring about social and economic welfare in countries throughout the world. The co-operative movement should actively support these basic ideals and should do everything in its power to try to reach these objectives. Co-operators throughout the world should do all they could to implement the Peace Resolutions of the ICA.

Dr R. VILSTRUP, USA, pointed to the great responsibility and opportunity for co-operators to chart new directions for ICA programmes in education, leadership, collaboration and trade among co-operatives. The growing con-

cern over the world's food and energy needs in the future emphasised the vital need for immediate co-operative organisation and action.

Building new systems of world trade among co-operatives was an exciting and stimulating idea for co-operative action. Early efforts by co-operative leaders had demonstrated that it could make a significant contribution in food, grain and petroleum, as well as consumer products. Expanding the joint efforts in co-operative trading could lead to an essential reduction of duplication and increased efficiency in the improved use of technical knowledge, facilities and the leadership capacity of the co-operative movement. The challenge of developing multinational co-operatives was recognised. If the cherished idea of Co-operation was valid in serving the local, state and national economies it must hold the vital key to building a strong global economy to benefit all nations and people.

Dr Vilstrup then posed the question as to what were the components of increasing world trade and co-operation among co-operatives and nations? He named the following: first, co-operators had to develop mutual confidence, respect and knowledge of their capabilities and resources; second, they had to expand the channels of communication to exchange ideas and concepts to build bridges of understanding; third, they needed to search for new ways to harmonise their purposes and objectives; fourth, they needed to maximise the impact of their limited financial resources in global planning; fifth, they needed to identify clearly and to articulate their common areas of interest; finally, they had to minimise their

cultural differences through the exchange of technical advancements and scientific knowledge which would be useful to them all.

Mr R. LESKA, Czechoslovakia, stated that the Alliance had paid a great deal of attention to important contemporary problems—the struggle for peace, the development of collaboration between co-operatives, the energy crisis and the accomplishments of the tasks of the Co-operative Development Decade. Many events organised by the ICA between the two Congresses had been successful, such as the Youth Conference in Moscow and the International Co-operative Seminar in Dresden, German Democratic Republic.

But when speaking of success mention had also to be made of the problems which had not been resolved and to which increased attention had to be paid in the future activities of the Alliance. The most important task was to study the question of what should be done to enlarge the membership and scope of member organisations. Another problem which had not been resolved was the proper representation in the governing bodies of the Alliance, membership fees, education and management training and so on. A place for the solution of these problems should be reserved in the long-term programme.

Mr H. W. WHITEHEAD, United Kingdom, speaking on finance pointed out that the achievements of the ICA had been constrained by the limitation of finance and its dependence on subscription income. More money had to be made available to reward staffs or priority areas would have to be established paying more money to fewer staff. Unless this problem was faced squarely,

the inevitable decline in the standard of service provided by the Secretariat would have its effect on the reputation and standing of the Alliance.

The financial problems of the ICA could not solely be ascribed to contemporary inflationary pressures. Those had aggravated the situation, but the basic problem of adequate finance had existed for many years. The ICA was run on a shoestring budget. In 1975 the ICA had a deficit amounting to 43 per cent of the expenditure which had to be covered by grants, mainly from Scandinavia. 53 per cent of subscription income came from seven countries and 30 per cent from three countries. The United Kingdom alone provided 17 per cent. That was clearly a very tenuous base on which to run an international organisation. An improvement in the subscription income from the larger subscribers could be expected only if the national movements themselves considered they were getting value for money with regard to the range, efficiency and relevance of ICA activities.

Mr Whitehead underlined the President's earlier remark that the ICA needed to concern itself primarily with matters of relevance and significance to its member organisations rather than matters of marginal importance. It was essential to undertake a careful realistic budget exercise for the next five years and then to confront the realities of that exercise. The ICA should be looking for other sources of income. A bold, imaginative approach to the formidable question of supplementing subscriptions income was needed to decrease the reliance on grants. Another possibility would be the field of consultancy, with the ICA providing specialist advisory services, at least at cost.



Congress in Session

The creation of an *Ad Hoc* Committee to examine the finances of the Alliance was to be welcomed.

Mr Whitehead informed Congress that the British co-operative movement was hoping to increase its contribution to the ICA to £30,000 in 1977.

Professor A. AZIZ, Malaysia, referred

to the fact that most people only came into the co-operative movement once they had started work. People joined a co-operative because they wanted to derive some advantages, they wanted easy credit or cheap insurance or because they wanted to buy consumer goods of good quality in the co-operative society

at reasonable prices. People in many of the developing countries saw co-operatives as institutions from which they could get something, but they had a poor grasp of the essential spirit, the moral and the ideological basis of Co-operation.

Co-operation might be taught in schools as is already done in France. In most developing countries Co-operation in schools was poorly developed, yet it could be the place to demonstrate to the future generations that co-operators believe in and will practise democracy, and that they will try to sustain and defend it. If young people were taught the principles of Co-operation at school and college they would be a strong element in the co-operative movement in years to come. They would sustain co-operative movements in developing countries because they believed in them.

Professor Aziz called for greater attention to be given to the teaching of Co-operation in schools and colleges.

Mr R. L. MARSHALL, United Kingdom, drew the attention of Congress to the agency and project of the Co-operative Education Materials Advisory Service, addressed especially to the developing countries, a project that acted as a clearing house for existing material relevant in these countries and as a production centre for the new materials that were needed. He pointed out that the project contained an identity and characteristics which were significant not for the past and not for the present, but had a more general relevance for the future work of the ICA.

First, identity, in that the work was exclusively funded by Sweden. In effect, national resources were placed at the disposal of an international

agency without national direction, without national control. That mixture of generosity and self-denial was a characteristic which needed to be developed. Secondly, there was the characteristic that it promoted Co-operation not merely from the developed to the developing countries. It promoted also Co-operation among the co-operative movements of developed areas because in the setting up of devices relevant to conditions in the developing countries it was necessary to draw on the co-operative experience of all the developed countries with their different systems and conditions, from Co-operatives in the capitalist countries, in the Communist countries and the countries with mixed economies. In helping to serve the needs of the developing countries, co-operators in the developed areas could rediscover Co-operation for themselves. Finally, there was the characteristic that it was a project of specific, limited, practical and measureable action. That had a great deal to commend it to the deliberations of Congress.

Mr I. KRUMIN, USSR, recalled the resolution condemning the military junta in Chile passed in Budapest in 1973 in which the ICA was asked to do its best to help human rights in that country. The ICA had always interested itself in the fate of the Chilean people and tried to help them in their struggle against the military junta.

Fascism had at all times acted against the co-operative movement and against the interests of co-operators. Since the resolution had been adopted the situation in Chile had not changed. The propaganda of the junta tried to blazon forth the successes of Chile, but these were very small. Thousands of people had

been killed, hundreds of thousands thrown into concentration camps and there were many children whose parents were in prison. This was the true situation and the true progress of the fascist regime in Chile. Fascism and repression had also taken hold of the co-operative movement in Chile. Co-operators could not find work, some were thrown into prison and others were forced to leave their native country.

More and more people were finding themselves in considerable economic difficulties and repressed by the fascist regime. It was vital to support the democratic forces in that country against the forces of repression and tyranny. Everything had to be done to oppose fascism and to restore a fair situation for the population of that country.

The Chilean Government had been criticised by many governments within the United Nations, the ILO and many other organisations. Centrosoyus supported this criticism and called upon the ICA and the international co-operative movement to adopt a resolution and to carry out concrete measures to help the democratic and co-operative forces struggling to support the true interests of the Chilean people.

The PRESIDENT then called for reports from the **Auxiliary Committees** to supplement the information given in the Report of the Central Committee.

International Committee on Agricultural Co-operation

Dr L. Malfettani informed Congress that at the meeting of the Agricultural Committee in Paris, Mr G. Kuylenstjerna had been elected chairman and that it had been decided to elect four Vice-Chairmen, two of whom

should be from developing countries. He would continue to serve the Committee in an advisory capacity.

The meeting of the Agricultural Committee held in Paris prior to Congress had discussed Agricultural Co-operative Strategy with regard to Multinational Corporations, a theme that had been touched upon during the debate on Multinational Corporations at the XXVth Congress held in Warsaw.

For the first time an invitation had been extended to the Chairman of the Committee to participate in a meeting of the ICA Executive which showed the importance the ICA authorities were giving to the agricultural sector within the ICA. To date agricultural co-operatives formed only a small percentage within the total membership, even some of the important agricultural co-operative movements in Europe had not yet joined the ICA.

Referring to the activities of the Committee, Dr Malfettani stated that it maintained good relations with the agencies of the United Nations which promoted co-operatives in developing countries, particularly the FAO. The Yearbook of Agricultural Co-operation had for the first time been published by the Plunkett Foundation for Co-operative Studies in collaboration with the ICA. An effort had been made to help co-operatives in the developing countries; through the International Business Advisory Service for Co-operatives contacts had been made with organisations in Sri Lanka, Peru, Jordan, and Kenya. A number of technical seminars were being organised during the coming year.

The Sub-Committee on Agriculture and Trade for South-East Asia had carried out its functions effectively since

the last Congress. Considerations had been given to the setting up of agricultural sub-committees for Africa and for North and Latin America, and to the establishment of a forestry sub-committee.

On behalf of the Committee, Dr Malfettani asked Congress to affirm throughout the world the essential role of agricultural Co-operation as a means of raising the standard of living of the people.

Mr S. SULEMESOV, Bulgaria, stated that the Agricultural Committee had played and would play a very important part in the development of agricultural co-operatives. It had done its best to extend and strengthen the work of agricultural co-operatives and to improve links with other types of co-operatives.

At its meeting in Paris the Committee had adopted a comprehensive programme of activities which could not be implemented without collaboration with others. This involved the development of different types of co-operatives, the expansion of trade and closer links between co-operators in order to increase production. An appeal should be made to governments to help agricultural co-operatives through tax concessions and through the granting of credit at favourable interest rates. Non-governmental organisations should increase financial aid for the promotion of agricultural co-operatives in developing countries.

Fisheries Sub-Committee

Mr P. LACOUR, informed Congress that he had retired from the chairmanship of the Sub-Committee, but would continue to serve as Honorary President.

Mr J. Saito, Japan, had been elected chairman.

Since the last Congress the Sub-Committee had continued its work of education and technical aid. In collaboration with the FAO a number of seminars had been organised in developing countries.

The main event of the Sub-Committee's activities had been the First Open World conference on Co-operative Fisheries held in Tokyo in 1975 and attended by over 300 delegates from 25 countries which had provided an opportunity of making contacts with co-operators from countries in Latin America and the Arab world who had not previously attended such an event.

Mr J. SAITO, Japan, expressed his pleasure at being elected chairman of the Sub-Committee which was not only an honour to himself, but also to the entire fisheries co-operative movement of Japan. He pointed out that the future activities of the Sub-Committee would be guided by the needs of its members. Priority would be given to assistance projects for the developing countries in collaboration with international organisations, especially the FAO. Activities would be developed realistically within the framework of the international co-operative movement under the guidance of the ICA authorities and with the assistance from the headquarters and the Regional Offices of the ICA.

International Co-operative Housing Committee

Mr W. Ambrosius, Chairman, highlighting some of the activities of the Housing Committee said that members of the Committee had participated in the Habitat Conference of the United

Nations in June. The Housing Conference held prior to Congress had discussed the problems and the risks involved in housing co-operatives and education and training related to co-operative housing. The meeting of the Full Committee held in Paris had elected a new Executive Committee.

Mr Ambrosius as the newly elected Chairman of the Committee paid tribute to Mr S. Kypengren, who had carried out this task for the past 15 years, and also to Mr A. Johnsson, the retiring special secretary.

The Organisation for Co-operative Consumer Policy

Mr N. THEDIN, Chairman, stated that some members of the Committee had paid a visit to the Co-operative Food Laboratory outside Paris which was playing such a decisive role, not least in influencing public opinion with regard to foodstuffs and quality.

At the Conference organised by the Organisation for Co-operative Consumer Policy held in Paris prior to Congress the theme had been "Advertising from a Consumer's Point of View". Speakers had dealt with misleading advertising, advertising in Socialist economies, co-operatives and advertising, and the dangers of advertising to health. The Secretary of State for Consumer Affairs, Ms C. Scrivener, who had attended the Conference had spoke about the present consumer policy in France.

Mr Thedin then pointed to some of the problems which co-operators had to face. The consumer co-operative movement was a consumer-owned enterprise. In the industrialised countries with mixed economies it had to compete with very efficient private enterprise, and

advertising was one of the means of competition. On the other hand, the consumer-owned enterprise had for its main purpose not to sell, but to satisfy the need of the consumer. Co-operative advertising should not be that of persuading people to buy, but to create knowledge among the consumers about goods, and confidence in the consumer-owned enterprise. The various consumer co-operative organisations in many countries, including the Eastern European and the developing countries, had much to give one another by an exchange of experience regarding their methods and legislation for consumer protection.

International Co-operative Insurance Federation

Mr H. SEELEY, (Secretary), reported that the Federation had held its Conference in Paris. The two regional advisers from Africa and Latin America attending the Conference had reported to the Insurance Development Bureau and the International Co-operative Re-insurance Bureau. Six papers had been presented at the Conference and the wide-ranging selection of topics had generated a lively interest in the Conference, which was borne out by the fact that members had unanimously supported a proposal to hold an intermediate conference in 1978.

Two meetings of the Executive had taken place in Paris. Members had agreed to the formation of a third sub-committee, the European Members Bureau, to study ways in which assistance could be given to European members and particularly members in EEC countries in influencing future changes. Further studies would be carried out in

connection with inflation and in connection with mass merchandising and product development. The Executive had received a very encouraging report from the Insurance Development Bureau which had continued its very important work in developing countries. The IDB had decided to study ways in which continuous support and advice could be provided to all new co-operative insurance societies.

Further discussions had taken place and progress had been made with the report by the Federation on the merits of co-operative insurance in developing countries which would be presented to the next UNCTAD meeting in 1977.

Mr Seeley stated that he found the remarks made by Mr Giscard d'Estaing of great interest. He could assure the President of the French Republic that the Federation, through the Insurance Development Bureau, could provide the assistance, and meet the conditions of proper supervision and support which the President required for the financial assistance he had so kindly offered.

The International Organisation for Consumer Co-operative Distributive Trades (INTER-COOP)

Mr CH. VEVERKA, Chairman, reported that since the last Congress collaboration within INTER-COOP had been developing. This had been evident at the annual meeting held in Paris. This positive development concerned the three major aims of the INTER-COOP work programme—exchange of experience on distribution problems, common buying policies, and exchange of merchandise between member organisations and collaboration on the productive level.

International collaboration had been improved over the years by the increasing freedom, liberalisation and economic progress in many countries, a development which had caused a belief in perpetual progress, which had been shattered in the past few years. There had been the energy crisis which had brought about monetary difficulties and rises in prices. The gap between the rich and the poor countries had widened and protectionist tendencies in several countries, had appeared, thus perpetuating the economic and social differences between countries and preventing a more reasonable use of the world's resources. It was the duty of co-operators to remove these obstacles to progress in trade as quickly as possible. In order to achieve this considerable economic and monetary changes were needed.

There was no doubt that INTER-COOP activities had been strengthened by the integration with EURO COOP in 1974 and with "Nordiska Kansliet", the Nordic regional organisation, in 1976. The services of the Nordisk Andelsforbund had been available to non-Scandinavian members since 1971. The total amount of joint buying had increased from 45 million dollars to 220 million dollars, 90 per cent of this had been in non-food products bought by 18 buying groups. Efforts were being made to expand the range of common purchasing and to achieve better conditions for buying in large quantities.

In the food sector INTER-COOP had been faced with a number of trade barriers to protect the economy of a certain country or region. Despite this, progress had been made in certain fields—tinned food, wine, fruit and vegetables. Joint purchasing outside Scandinavia

amounted now to 20 million dollars. Trade between the productive units, especially in the chocolate and biscuit-making factories, had developed favourably.

The exchange of experience in the working parties in the distributive sector had been very lively. Experts from many organisations were participating in the working group dealing with department stores and shopping centres.

In 1974 a conference had been held in Manchester which had dealt with warehousing and the distribution of food in general. A conference on collaboration between central organisations and regional co-operatives in the non-food area was being planned to take place in Denmark in 1977.

Third Session

**Wednesday, 29th September 1976
(morning)**

Debate on the Report of the Central Committee (resumed)

ICA Women's Committee

Mrs S. RÄIKKÖNEN (chairman) reported that the activities of the Women's Committee had broadened in recent years.

The Conference organised by the Committee and held prior to Congress had dealt with "The Problems of Food Resources and Energy—The Co-operative Answer", a theme that had been chosen to find out if there were special approaches to these important problems that were typical for women, so that the Committee might be able to make a contribution to the ICA when these issues were being discussed in future. Papers had been presented by speakers

from various parts of the world on various aspects of this important subject. In the discussion a delegate from Tanzania had reminded the Conference that in Africa it was the women who did the farming and therefore it would be necessary to educate the women if the production of foodstuffs was to be improved. Population, which was one of the new issues listed in the ICA long-term programme, had an important bearing on the food problem.

A telegram of encouragement had been sent to the Irish Co-operative Women's Guild in connection with the women's peace protest in Belfast.

Ms R. AZIZ, Malaysia, spoke on the question of international collaboration between co-operatives, in particular between the developed and developing countries, and the changes in the world market which had particularly affected countries, like Malaysia, which was one of the world's largest suppliers of tin and rubber. Changes in the world market not only affected foreign earnings, but they also affected employment, the rate of growth and development. She appealed to Congress to assist in ensuring that the major problems of the developing countries in the context of the world market for primary commodities were properly realised and better understood by the people of the advanced countries. UNCTAD had recently advocated price stabilisation for primary commodities and this idea should be supported by the members of the ICA. International collaboration could only be meaningful if it went right down to the basic economic problems of developing countries, and it should not only be based on technical assistance or on providing financial aid, but also on the liberalisa-

tion of trade. The ICA through its member organisations had the capacity to exert influence to this end.

Ms Aziz expressed the hope that the ICA would continue its good work in trying to elevate the status of women co-operators throughout the world. A regional seminar for women co-operators organised by the ICA had been held in Malaysia earlier in the year. It was essential that special efforts should be made by the ICA to analyse the progress made by projects devoted to women. Such analysis would give an indication of what more should be done for women.

More attention to women in terms of allocation of facilities and staffing should be given by the Central Committee. Any aid or assistance the ICA could give which would increase the involvement of women in the co-operative movement would be welcomed by the developing countries.

Ms U. JONSDOTTER, Sweden, referred to the Resolution passed by the 1969 Congress in Hamburg and the discussion within the Central Committee on the situation and the role of women in the co-operative movement in Bucharest, which had adopted proposals for action by the ICA, the national member organisations, by employees and women co-operators themselves. Following this discussion, surveys of activities of women in co-operatives had been initiated in some countries.

The National Assembly of Kooperativa Förbundet had asked the Board of Directors of KF to carry out a survey on women's representation within the consumer co-operative movement in Sweden. This task has now been completed after an investigation lasting three years and a report would be presented to the

Board of Directors of KF in October. The survey included 68 proposals which could easily be implemented, one of which had dealt with follow-up action suggesting that a committee directly responsible to the Board, consisting of equal numbers of men and women, should be set up. Ms Jonsdotter proposed that the role of women in the co-operative movement should be a subject for discussion at the next Congress.

Ms S. PETRUSCHENKOVA, USSR, spoke about International Women's Year and the programmes organised on this occasion in her country.

Women took an active part in the co-operative movement and thus helped to raise the standard of living of the Russian people. During that year a great deal had been done to improve the working conditions of women in the consumer co-operative movement. Co-operative shops were playing an important role in providing an ever increasing selection of food and non-food for their members and many new co-operative shops were being opened throughout the country. Women co-operators in the Soviet Union were playing an increasingly large part in all these activities.

Ms E. FEHER, Hungary, stressed that the Alliance, according to its democratic tradition, had examined with great care the role and situation of women in the co-operative movement.

On the basis of the resolution adopted by the Central Committee in Bucharest the co-operative movement in Hungary had drawn up a programme of action within the framework of a government programme to improve the situation of women. This programme was supported by the membership who were striving to implement the objectives.

The presence of women in the co-operative movement must be secured in a significant way. The prerequisite for this was their representation within co-operative committees and boards of management. Women should be given every opportunity to acquire the knowledge necessary for this purpose.

Since the last Congress, the Women's Committee had acquired full auxiliary status and since then the activities of women had become an organic part of international co-operative policy. A lot of useful work had been done by the Committee. The number of women representatives on the Central Committee had increased.

The ICA and Developing Countries

Dr H. FAHRENKROG, German Democratic Republic, referred to the contribution the co-operative movement in his country had made to the Co-operative Development Decade and expressed regret that this had not been reflected in the Report of the Central Committee. Since the last Congress 300 co-operators from developing countries had been trained at the Co-operative College in Dresden. Educational experts had participated in the training of co-operators from Bangladesh. Following the ICA appeal help had been given to the people of Cyprus. His own organisation had been active in South-East Asia and had participated in a seminar in Tanzania. All these activities had involved an expenditure of 5 million Marks.

Such support given to the Co-operative Development Decade should have been reflected in the Report, together with other activities on a world-wide basis. Only then could people learn of the real scope of the work undertaken by

the ICA.

Dr M. REUBEN DOMPER, Organization of the Co-operatives of America, speaking on behalf of its members from North and Latin America and the Caribbean, outlined the work being done by the OCA. In the area of training and education, courses, seminars and congresses had been organised dealing with a wide variety of subjects relating to selected co-operative activities. OCA had also conducted a programme of adult education designed to impart basic training in selected skills. An agreement had recently been signed with the Government of Peru, the country from which OCA operates, to establish a programme of co-operative tourism. Discussions had taken place with the Inter-American Society for Development of Co-operative Financing (SIDE-FCOOP) on the establishment of an Inter-American Co-operative Bank; and a beginning had been made in the promotion of co-operative trade.

Mr B. SENKYIRE, Ghana, reminded Congress of the activities carried out by co-operative movements in a number of countries in West Africa and stressed the need for the establishment of an ICA Regional Office in that part of the world. The co-operative movements in both the English-speaking and the French-speaking countries, were supporting the idea. He proposed that a team of experts should visit the area to investigate the feasibility of such an office and to make contacts with the various governments concerned in West Africa.

The Ghana Government had already shown its interest and had indicated its support and willingness to make a contribution towards the expenses of an ICA Regional Office.

REPLY TO THE DEBATE ON THE REPORT OF THE CENTRAL COMMITTEE

Dr S. K. SAXENA, Director of the ICA, pointed out that it would not be possible to cover all the points raised in the debate or to deal with them in detail.

Mr Tonhauzer had talked about the peaceful atmosphere which was a pre-condition for the development of the co-operative movement. The fundamental philosophy governing the work of the ICA was to reduce global disparities and to extend its support to the United Nations. Perhaps the discussion on the New International Economic Order would provide opportunities to examine the problem a little more closely.

While commenting upon the expansion of the activities of the ICA, Mr Sulemsov had outlined the significance of the co-operative movement in the Socialist countries. The ICA Central Committee had recently met in Sofia and members had had an opportunity to acquaint themselves with the extensive and constructive role played by the co-operative movement in Bulgaria.

Mr T. Janczyk in speaking on the global maldistribution of wealth had referred specifically to the role of international monopolies and multinational corporations. The ICA should help in the creation of a climate which would put the true nature of the problem before the people in general. A resolution on this subject had been passed at the Warsaw Congress. Financial and managerial imperatives were the two key factors affecting the co-operative movement in this particular respect. The Agricultural Committee at its recent Conference had also discussed the subject.

The other aspect was informing the

public and bringing influence to bear politically both at the national level, which was the responsibility of the national movements, and at the international level with the United Nations, which was in some ways the responsibility of the ICA. Contact had been made with the Centre on Transnational Corporations of the United Nations and the ICA had been asked to outline its views, as the Centre wished to draw up an international code of ethics for the operation of multinationals. A more practical demonstration in this context would be the setting up of joint co-operative productive enterprises at the national, regional and international level. The discussion on multinationals would be continued during Congress.

The second point raised by Mr Janczyk had dealt with the urgent need for co-ordinating the activities of the various ICA auxiliary committees. Co-ordination could take place on specific issues and it was for the ICA and its member organisations to identify those issues of relevance to the auxiliary committees which would cut across the narrow interests and concerns of each auxiliary committee. The problems of pollution of the environment, energy questions, food problems, production and distribution, were of relevance to a number of the specialised committees and a concerted approach to these matters should be developed.

Mr Krashennikov had stressed the importance of peace, had referred to international monopolies and had made an offer to send experts to developing countries. The latter was a most welcome proposal and further discussions on the mechanics would be held with Centrosoyus.

Replying to the need for assistance in training in developing countries, a point emphasised by Mr Hasanov, Dr Saxena referred to his visit to the USSR when he had an opportunity of calling on the Moscow Co-operative Institute and other technical institutes which were providing a wide range of services to co-operators from developing countries. The factors which were crucial in this context were the period of training, the selection and the relevance of training to the needs of the movement. These factors had to be kept in mind constantly when planning international training. A grouping of co-operative college principals existed in South-East Asia. AGIT-COOP was looking into the question of providing better services to co-operators in developing countries. There was also the conference of principals of co-operative colleges in Western Europe. This mechanism existed at international level, but it was somewhat fragmented. The ICA should try to ensure that as far as possible duplication was avoided in the work done by these various bodies.

Mr Colymvas from Greece had made a short intervention which had been welcomed by the entire Congress. The Alliance would lose its essence, its primary quality, the reason for its existence, if it were to desert its friends in times of adversity.

Mr Klimov's invitation to the ICA to hold its next Congress in Moscow would have to be decided in the usual manner.

Mr Vilstrup from the USA had made a number of very pertinent remarks on leadership training, short-term seminars, enlargement of co-operative trade, and on the pre-conditions in terms of establishing mutual confidence, opening up

channels of communication, harmonising our purposes and exchanging scientific know-how and he had summarised a wide variety of activities which the Alliance constantly pursued. Mr Vilstrup had made a contribution to the ICA Seminar on Management in the Seventies held in the United States. Dr Saxena expressed the hope that co-operators in the United States would put their own management experience at the disposal of the international co-operative movement.

Mr Whitehead had spoken on finances or rather the absence of them. This was a most serious problem for the ICA. The quality and range of services made available by the ICA and the relevance of those services to the national movements were bound to suffer if additional resources were not forthcoming. The idea of consultancy services might be a good one, but for this a level of expertise would be needed which was normally not available to national movements and that would cost money. The announcement of an increase in the subscription from the United Kingdom was a most welcome gesture.

The point made by Prof. Aziz had concerned the introduction of Co-operation as a subject in schools and colleges. There was, however, one point which might sound paradoxical. The fact that the co-operative movement from its very early days had pioneered educational work might itself be the reason that colleges and universities did not feel the need for including Co-operation as a discipline in their curricula. This was to some extent the case also with regard to trade union education.

Mr Marshall's warm appreciation of the ICA's Co-operative Education Ma-

terials Advisory Service (CEMAS) project was most welcome. The project was specific, was useful, and was a matter for field decision all the time in different countries. The ICA had to enlarge these activities and to create resource centres. Discussions had been held with the two Regional Offices and there had been some exchanges of letters with the Organization of Cooperatives of America.

Dr Saxena then referred to a number of interventions from the various Auxiliary Committees, mainly reporting on the work which had been done at their conferences in Paris.

Amongst the interventions concerning the work of the Women's Auxiliary Committee, Ms Rääkkönen had spoken on the discussions which took place at the Women's Conference. Ms Aziz had raised the complex question of international collaboration between co-operatives especially between advanced and developing countries. There was the problem of trade and the movement of prices of agricultural commodities, a problem in which UNCTAD had been involved and which would probably be the nub of the discussion in regard to the New International Economic Order. The ICA had helped to set up the International Co-operative Trading Organisation in Singapore. The possibilities of relations between ICTO and INTERCOOP were to be explored. The problem of joint ventures, an extremely important approach, would figure in the discussion on collaboration between co-operatives. Referring to the Women's Seminar in Malaysia, Dr Saxena said that the report of the Seminar had broadly indicated the needs and that future efforts would have to be related

to those needs rather than to further enquiries.

Ms Jonsdotter had given a brief account of the development of women's activities, but more particularly of the recent inquiry carried out in Sweden. Ms Petruschenkova had outlined the activities of women in Soviet society and Ms Feher's contribution needed no further comment except that the resolution passed in Hamburg was often referred to as the "Hungarian resolution".

Dr Fahrenkrog had referred to a number of global problems which were of great concern to the ICA. He had pointed out that the Report of the Central Committee had not given a complete picture of the work done by the ICA and especially by member organisations. The constraint was one of space, but information was being made available through the Co-operative News Service and conferences. Dr Fahrenkrog had also referred to the work in developing countries which was mainly, but not entirely, undertaken through the Co-operative College at Dresden. The work done by the College was most impressive and also the general support which Dr Fahrenkrog's organisation was providing, particularly in the educational field and also within AGITCOOP.

Dr Domper had described the activities of the OCA. Discussions had been held with Dr Domper and his colleagues for a number of years, but for some reasons these initiatives had not quite jelled. Recent discussions had been more concrete than hitherto.

Mr Senkyire had appealed to the ICA to establish a Regional Office in West Africa. This would be part of the discussion concerning the future work

programme. However, three points had to be considered. First, it was basic to have a clear indication of the priorities of ICA'S work. Secondly, there was the question of location. Thirdly, there was the question of finance. Mention had been made earlier of the activities which had been carried out by the ICA in West Africa. The Executive Committee was seriously considering the proposal made by Mr Senkyire to send a team to West Africa to enquire into the points which had just been indicated.

ADOPTION OF THE REPORT

On voting on the adoption of the Report, the delegate from Chile opposed its adoption.

Mr M. L. AMUNATEGUI, Chile, stating his reasons for opposing the adoption of the Report, said that he regretted the speech made by the Russian delegate who had spoken of the political situation in Chile. In his opinion the speech had constituted a deplorable violation of the principle of neutrality of the ICA.

Referring to the Resolution on Chile passed by the Central Committee in 1973, Mr Amunategui stated that the General Confederation of Co-operatives in Chile considered that the Central Committee should not formulate declarations on the political situation in

any country and particularly not without consulting the co-operative representatives of that country.

The democratic structure of the Chilean co-operative movement had been maintained. In recent years legislation had been passed which had enabled co-operatives to develop completely freely and autonomously. Special mention should be made of the help given by the Government to develop workers' co-operatives and the legislation which had been enacted to open the way for the development of the Co-operative Bank. Managers of American co-operatives had visited Chile and they were the best witnesses of what was going on.

The regrettable spectacle displayed at Congress yesterday had led him to vote against the adoption of the Report on behalf of Chilean co-operators.

The PRESIDENT thanked the Chilean delegate for his explanation. It was the right of Chilean co-operators to voice their dissent with the Resolution which had been passed unanimously by the Central Committee.

Obituary

The PRESIDENT asked Congress to pay tribute to the memory of co-operators who had died since the last Congress by observing a short period of silence.

ICA's Programme of Work, 1977-1980

The need for the ICA to work out a programme of action was suggested and accepted by ICA's 25th Congress held in Warsaw in 1972. The Congress did not envisage a re-examination of the objects and methods of work as laid down in the Rules of the Alliance; rather it suggested that efforts should be made to achieve greater rationalisation and efficiency in the work of the Alliance and to ensure that

the priorities established for the next four years would be relevant to the needs of co-operative movements throughout the world.

The Report of the Central Committee consisted of four parts. The introductory part gave the background of the exercise and examined the methodology adopted in the preparation of the paper; the second narrated the current activities of the Alliance and its related bodies; the third drew attention to some newly emerging issues which might be relevant to the co-operative movement; the fourth part outlined a programme of work for the period 1977-1980 and the document concluded by suggesting priorities and their approximate financial implications.

The paper stressed emphatically that a programme of work for the future had to be considered with sufficient flexibility. In order to maintain its relevance the co-operative movement had to take cognizance of changes and adapt its strategy and programmes accordingly. The contribution of the permanent staff of the ICA to the implementation of the programme could only be very limited. The strength of the ICA was in its member organisations who must shoulder the major responsibility. As the objects of the ICA, as laid down in its rules, did not fall within the scope of the programme of work, it was evident that much of the existing work of the ICA would continue, although, in some cases, in a modified form.

The PRÉSIDENT, Mr Roger Kerinec, introducing the Report pointed out that the decision to draw up a long-term programme of work had been taken on the suggestion made by Mr Klimov, Vice-President of the ICA, at the Warsaw Congress. It had been agreed that definite aims should be decided on and minimum conditions laid down which it would be possible to achieve.

He emphasised that the strength of the ICA was first and foremost in its member organisations, and the interest which they took in the Alliance. Its strength was also in the value of the permanent team of the ICA in London and at the Regional Offices and that value depended on the financial resources which member organisations were ready to provide. Therefore it would be the duty of the delegates to Congress to decide what they wanted the ICA to be or what they wanted it to become in future.

In the discussion establishing the

long-term programme, two aspects had emerged, the policies within and the policies outside the movement. Within the co-operative movement the aims were without doubt to contribute towards the growth and the efficiency of the national movements, and to alert them to the international character of the International Co-operative Alliance. As far as outside policies were concerned, their aims were to create in the world a climate which would be favourable to co-operative ideas and for the development of co-operative organisations.

Mr Kerinec went on to list the methods by which these aims could best be achieved: through the creation of international inter-cooperative committees which would specialise in the co-ordination of the policy of the Alliance; the promotion of inter-cooperative policy at the national and international level through the auxiliary committees; the organisation of seminars for co-operative movements to make them

more aware of the specific character of co-operatives; the promotion of ICA publications; and the co-ordination of the work of the auxiliary committees. It was important to carry out research on subjects, such as relations between governments and co-operative movements, and to watch the political, social and economic developments in the world in order to alert the co-operative movements in time of danger and to show them the opportunities they could grasp and the reforms they should carry out.

Other methods were the co-ordination of efforts of national movements on help to developing countries; working towards durable peace and contributing to the establishment of the economic and social conditions which were necessary for a lasting peace; setting up institutions which would act as counterweights to multinationals; working through the headquarters and Regional Offices of the ICA to spread co-operative ideas and to strengthen relations with international and non-governmental organisations, particularly in respect of work for developing countries.

The Report submitted by the Central Committee summarised what had been done in all these fields and all that should and could be done in the near future. But the Report also took into account the fact that the ICA was not a rich organisation. It concluded by summarising certain priorities with their financial implications. These priorities were very modest indeed. They would however, permit an improvement in the quantity and the quality of the services which the Alliance offered directly and indirectly to its member organisations. In order to attain these priorities member organisations would have to in-

crease their contribution to the ICA by about £50,000 per year. If members placed their confidence in the team directing the Alliance, this money would represent a profitable investment.

The resolution on the ICA's Programme of Work which would come before Congress contained an appeal to Central Committee that it should outline within one year the responsibilities of member organisations with regard to the implementation of the programme. In order to achieve this the Central Committee at its meeting in Sofia earlier in the year had set up an *ad hoc* committee to study this problem.

In conclusion, Mr Kerinec said: "The time has come to measure up to our responsibilities. If we demand a great deal of our Alliance, we must give it the essential tools to accomplish the task which we want it to undertake".

Debate on Programme of Work 1977-1980

Mr A. C. GEORGE, Minister of State for Co-operation (India), bringing the greetings of co-operators from his country pointed out that out of the 326 million co-operators in membership with the ICA one-fifth came from India. They were members of more than 250,000 different co-operative units engaged in credit, production, processing, marketing, banking and various facets of economic life. India was one of the oldest members of the Alliance. It had received much help not only from the ICA, but also from wealthy co-operative movements, such as Sweden.

More importance had to be given to building up the co-operative movement, as it was the most powerful democratic economic institution available for social

transformation. The changes that were envisaged for India—and this might be applicable to all developing nations—could come about only through a democratic economic institution like the co-operative movement.

In planning the future of the ICA, special stress must be put on the development of the co-operative movement in developing countries. More and more emphasis must be given to producer, processing, marketing and consumer co-operatives. They must reduce the cost of production, improve the quality of processing, streamline marketing methods and take care of the interests of the consumer.

Mr J. LACROIX, France, pointed out that a vast programme had to be considered, but there were a number of priorities which must have prime consideration.

Throughout the history of the ICA, a major role had been given to Europe and consumer co-operatives. For the ICA to become effective in other fields it would be necessary to sectorise and regionalise. There were the auxiliary committees which were the basis of the Alliance and it was through their work that the ICA was effective. The auxiliary committees must aim to become self-financing. This should become an absolute rule. Regionalisation was the only way in which costs could be decreased and efficiency improved.

The Secretariat should be given exact terms of reference and its work should be limited to the co-ordination of the activities of the auxiliary committees and regional institutions and to dealing with international problems and not regional problems which must be the task of the institutions on the spot.

The tasks to be undertaken required financial means. Co-operators must ask themselves whether the financial aspects were beyond their means or whether their movements could not find the means to make their appropriate contribution to the international co-operative movement.

Mr K. A. P. STEVENSON, FAO, addressing Congress on behalf of the Director General, Dr Saouma, said that for 30 years there had been constructive collaboration between the FAO and the ICA. During this time the world had witnessed major developments in many fields, but people were still living in a world of unrest, plagued by the population explosion, increasing unemployment, inflation and widening disparities. It was no exaggeration to say that the world food situation was still precarious. While millions of people were undernourished and hungry because they were poor and because of lack of adequate measures to provide the necessary supplies a New International Economic Order was being discussed.

From its very inception the FAO had been concerned with co-operative action. Close collaboration between the ICA, national co-operative organisations and the FAO could be maintained in three major areas:

The first was production orientation which had not been done successfully so far. It was necessary to group co-operatives together which had a production oriented basis, so that there could be better hope for the poorer farmers in the future.

The second was training at the grass-roots. Here again grouping was needed, as extension services could not be taken to individuals. The co-operative closely

associated with the grouping could come forward and assist in the grassroot type of training programmes in order to get the people involved in the whole production circle.

The third aspect was integrated rural development. The United Nations system had pledged itself to a production-based poverty-oriented approach to rural development and had set up a task force to show which part of its programmes really touched the poor. This integrated inter-agency approach included all the agencies of the UN system, including the World Bank. The FAO was sponsoring a world conference on agrarian reform and rural development in 1979. Co-operatives could play a direct role, because in many instances they also formed groups of the rural poor.

The President and Director of the ICA had recently visited the FAO. Discussions had been started on programmes jointly sponsored by the ICA, national co-operative organisations and the FAO to tackle these problems directly in the field and see what could be done in joint action towards integrated rural development with special reference to the rural poor.

Mr A. U. A. MUTALLAB, Federal Commissioner for Co-operatives and Supply (Nigeria), expressed his pleasure at being able to attend Congress as an observer.

Co-operation had been accepted in Nigeria some 40 years ago as a means of improving the social and economic conditions of the people. During this period each region, later called State, had developed a co-operative movement at its own pace. Now the Federal Government had taken up the development of co-operatives in the whole country in

order to improve the social and economic conditions of the people. The co-operative movement would be allowed to develop in its own way, but the Federal Government would provide the necessary infrastructure.

The Federal Government believed that Co-operation was one of the most effective distribution channels which should be encouraged and supported. Therefore in 1975 a Ministry of Co-operatives and Supply had been set up at the federal level to foster the growth of co-operatives and to co-ordinate their activities at the national and international levels. The Federal Government was fully committed to the establishment of three major co-operative educational institutions, to the setting up of co-operative financial institutions, the development of agricultural and industrial co-operatives and the setting up of national co-operative institutions in insurance and housing.

Mr Muttallab called on the ICA to open a regional office in West Africa and to site such office in Nigeria, which would be prepared to give all the necessary infrastructural and initial financial support to realise such an objective.

Mr G. KRASNOV, UNCTAD, brought greetings from the Secretary General of the United Nations Conference on Trade and Development.

The Report of the Central Committee had outlined briefly the relations of the ICA with UNCTAD and it was hoped to increase collaboration with the ICA within the framework of the long-term programme of work. Collaboration between the ICA and UNCTAD could only be viewed correctly against the broad issues of international trade and development. In this regard, the recent

fourth session of UNCTAD held in Nairobi might be considered as a milestone in the adjustment of international economic relations.

That conference had been held against a background of continuing world crisis. On the other hand, the General Assembly of the United Nations at various Sessions had adopted documents which embodied the concept of a New International Economic Order.

The fourth session of UNCTAD had provided the first opportunity for decisions to be taken by the international community in a universal forum on specific issues so as to create some of the essential elements of a New International Economic Order. Twelve resolutions on substantive matters had been adopted in Nairobi. Many of them were directly relevant to the work of the ICA.

The decisions taken could broadly be classified into several categories. First, there were decisions which involved Governments in negotiations on specific issues. A second category of decisions had related to issues on which a consensus had been reached on new policy approaches, or on strengthening existing policies.

In terms of the principal issues on which the conference had focussed its attention, the results had been generally positive. There had been a major breakthrough in international commodity policy as a result of the acceptance of the integrated programme for commodities. The proposals for such a programme consisted of two main aspects. First, there was the concept of an integrated approach itself. The second main aspect consisted of a series of operational steps to be followed in pursuit of that programme. In this respect two major

decisions had been taken. The first was to launch a series of negotiations on a wide range of individual products of particular interest to developing countries. The second was to convene not later than March 1977 a negotiating conference and a common fund for the financing of commodity stocks and other measures within the framework of the integrated programme. Advances had also been made in many other policy areas. The conference had endorsed a wide-ranging programme to strengthen the technological capability of the developing countries and had set out the modalities for negotiations for a code of conduct for the transfer of technology.

A significant feature of the discussion at the Nairobi meeting on trade relations among countries having different economic and social systems had been the awareness of the vast but still largely unexploited potential in trade and economic relations among them. The Nairobi resolution adopted on this subject recommended to all countries concerned a number of inter-related and specific policies and measures to be taken. The question of trade relations between countries of different systems would continue to be an important one in the work of UNCTAD.

At the forthcoming 16th Session of the Trade and Development Board consideration would be given to the implementation of the resolutions adopted in Nairobi. It was no coincidence that one of the items on the agenda would be a "Review of the effectiveness of the arrangements for the participation of non-governmental organisations in the activities of UNCTAD". The Board would be expected to address itself to the role of non-governmental organisa-

tions in the follow-up action, on the resolutions of the Nairobi conference and this might open up further avenues of collaboration between UNCTAD and the ICA.

Mr J. KAMINSKI, Poland, reminded Congress that the programme under discussion would decide the activities of the ICA in years to come.

The Alliance as an international organisation should help its members to carry out their responsibilities in their own countries. The ICA, one of the largest non-governmental organisations, had gained recognition from international organisations. In order to strengthen and develop its position, the ICA should act as an organisation which was universal and democratic and made a useful and practical contribution towards social and economic development.

Traditionally the ICA had been a consumer organisation. But the time had come to realise the essential policy of activating the ICA programme in the field of agriculture, to promote agricultural co-operatives, to help the rural populations, and to assist in food production in general. World resources were distributed very unevenly, especially food resources. The food problem was not only linked to the increase in production, but also to solving social problems in the village.

The ICA could play an important role in this field. Its activities should be directed towards: firstly, uniting the various co-operative movements in all areas of the world within the ICA; secondly, organising assistance to agricultural co-operatives by arranging a broad exchange of technical information for these co-operatives; thirdly, helping in food production by arranging for the

training of experts who would be able to organise the work of agricultural co-operatives; and fourthly, to organise scientific research in various fields in order to improve agricultural production.

The problem of food production, the development of the rural economy and help for the rural population were very important questions for the world economy as a whole. If the ICA wished to continue to command the respect of the world population, it must deal with questions of topical value and assist in solving the day-to-day problems of the population of the world.

Mr S. NAKABAYASHI, Japan, said that the long-term programme contained many suggestions and it showed vision. It was important to strengthen unity and solidarity.

Amongst the problems, the most important was the financial problem of the ICA. The financial situation had reached a serious stage. Membership subscriptions could not be increased more than was absolutely necessary. Economies must be made and priorities given to important activities. During the past four years the subscriptions from Japan had risen by one third, more than from any other country. The greatly increased contribution had come from the agricultural co-operatives in Japan. Mr Nakabayashi called on ICA members to encourage other co-operative organisations in their own countries to join the ICA, thus increasing subscription income.

The problem of the provision of food had become serious in the world. The consumer co-operatives in Japan were making the greatest efforts to collaborate with the agricultural co-operatives

in this field. The ICA should put more emphasis on agricultural co-operation and not rely so much on the support of consumer co-operatives. This view would be important in the future, not only for financial reasons.

As pointed out in the long-term programme, pegging subscriptions to one national currency had reduced ICA's real income in recent years. The subscriptions to the ICA itself and those to the auxiliary committees had to be discussed as well as the management of these bodies.

The other problem which was of great concern to all co-operators was the multinational corporations. A serious discussion had taken place on this subject at the Warsaw Congress. The recent oil crisis and the scandals concerning multinational corporations had shown the power wielded by these organisations in the world. The ordinary people had become angry with the methods used by multinational corporations. As was pointed out at the Warsaw Congress, multinational corporations trampling on the laws of every country and pursuing their profits across all boundaries were the enemies of the people.

In order to combat the power of multinational corporations, Mr Nakabayashi suggested that the ICA should ensure that co-operatives were recognised as a social movement combating the power of capitalist enterprises; that greater emphasis be laid on good management and greater efficiency to enable co-operatives to compete with private trade; that collaboration between co-operatives be improved; that further links be established with trade unions and other democratic organisations; and that people be made aware of the

fight of the co-operative movement for world peace.

He believed that it was the duty of co-operatives to safeguard the livelihood of workers, farmers and consumers in the forthcoming difficult economic circumstances by fighting private big business which was supported by capitalists and multinational corporations, and called on the ICA to take the initiative in this battle.

At the end of the session the General Secretary, Mr R. P. B. DAVIES, reported changes in the texts of Motions and Amendments agreed by the Congress Committee.

Fourth Session

**Wednesday, 29th September 1976
(afternoon)**

DEBATE ON PROGRAMME OF WORK 1977 - 1980 (resumed)

Mr J. SOBIESZCZANSKI, Poland, referred to the item on Youth, and particularly to the debate on Youth and the Co-operative Movement which had taken place at the Central committee meeting in Stockholm in 1975. It was most important to engage young people in the co-operative movement and to ensure that activities within the co-operative movement were directed towards youth, as this would determine the future of the movement.

The ICA had taken the first steps in accomplishing this task by organising Youth Conferences. The most recent one had taken place in Moscow in 1976. This had been followed by the European Assembly of Youth and Students held in Warsaw in June at which the ICA was represented by observers and partici-

pants from the Moscow Youth Conference. Mr Sobieszczanski called on the ICA to take heed of the resolutions passed at the Youth Conference and by the Assembly of Youth and Students.

It was important for the ICA to work out a plan of activities with regard to Youth which could form the basis for similar methods of elaborating activities by national co-operative movements. The activities emanating from this plan should be reported annually to the ICA Secretariat which should summarise the information for passing on to member organisations. Further efforts should be made in organising meetings and conferences for young people with the support of national co-operative organisations.

Mr P. Søliland, Vice-President, stated that it was the responsibility of the Central Committee to deal with the finances of the ICA and to try to find solutions to financial problems when they arose.

When the Executive Committee and the Central Committee had considered the question of working out a long-term programme of work for the ICA, they also had to deal with the finances of the ICA. The work on the long-term programme had been going on since the Warsaw Congress. The work and studies in this connection had shown that there was still a lot to be done in the world in promoting Co-operation as one of the really important means of raising the standard of living and also the social and cultural standards of the masses of the people. The work and studies carried out, however, had also shown clearly how very limited the resources of the ICA were compared with the work that should be done.

The Executive Committee and the Central Committee found it important to include a special paragraph in the motion on the long-term programme which said that the implementation of this programme necessitated increased resources and called upon the Central Committee to outline within one year the responsibilities of members in the implementation of the programme.

Mr Søliland then drew attention to the accounts of the ICA as set out in the Agenda and Reports. They showed that the ICA had been running a deficit every year since the last Congress. It had only been possible to balance the accounts by drawing on special resources. It could be seen that the greatest responsibility had been put on one country, a situation which could not be tolerated.

The implementation of the long-term programme could only be looked at by dealing also with the financial implications. It was necessary for everyone to understand that the cost of implementing the programme would be in addition to the ordinary operations. It would be necessary to strengthen the Secretariat in London and to strengthen and maintain the regional offices in Asia and Africa. It would also be necessary to arrive at a position where it was possible to pay the ICA staff reasonable salaries.

For these reasons the ICA Central Committee at its meeting in April in Sofia had set up a working group consisting of six people to examine the entire financial situation of the ICA. The group had met in Paris to work out a time-table and to discuss the main points which should be analysed.

The group had been instructed to have its report ready in time for the next Central Committee meeting. It was

hoped that with the help of experts in financial matters the report would be finalised in time for every national organisation to study it before it was presented to the Central Committee. Mr Søliland appealed to Congress delegates to study the report carefully before the next Central Committee meeting when important decisions would have to be taken arising out of the Report.

Mr J. S. LAYZELL, United Kingdom, welcomed the return of Greek co-operatives to membership of the ICA and wished them success in the future.

It was a tribute to the ICA that it had not stood aside or remained aloof, neutral or oblivious to the sufferings of any people. It was because of their concern for the future that co-operators had become increasingly alarmed and concerned at the repressions, the large-scale arrests and tortures, the disappearance and even the assassination of democrats of all shades of opinion by the present military junta in Chile. The evidence of the contravention of human rights by this regime was now overwhelming and irrefutable despite the statement made earlier.

He proposed that the Central Committee should urgently examine the validity of the Chilean co-operatives, study the situation within Chile and the conditions under which the co-operative movement was functioning, and find out how far the politically regressive regime had penetrated the Chilean co-operatives. A strong, representative delegation should visit Chile to examine the internal situation and report back within the next few months so as to decide what action would be necessary.

Mr N. THEDIN, Sweden, referred to the statement made by Mr Søliland

earlier which had dealt with the most important issues facing the Alliance.

Congress was aware of how much had been achieved through the work of the dedicated staff of the ICA at headquarters and at the Regional Offices as well as by co-operators in other quarters. There was no reason to be satisfied with what had been done, because the Alliance had not been given adequate resources for its important tasks. The ICA represented 326 million co-operators. Its budget was £400,000 of which less than half came from regular contributions from the members. During the period up to the next Congress a tremendous challenge had to be faced.

Co-operators were aware of the immense needs of the broad masses of the population in the poorer countries. They were also aware of the great possibilities for co-operative action. Mr Blanchard of the ILO had spoken of basic needs. The United Nations family had increasingly drawn attention to this problem.

Today 40 per cent of the scientists in the world are engaged in research related to armaments—to destruction instead of construction. Less than 10 per cent of the rural population in developing countries had access to health facilities. Only 15 per cent had access to safe drinking water and 30 per cent of the children suffered from malnutrition. After decades of development work by the United Nations and other agencies it had been found that the unsatisfied needs were greater than ever.

The conclusion was that it was not possible for low-income countries to provide the necessary services by using conventional methods. According to the new United Nations concept, it was no

longer sufficient to do things for the people; improvements had to be achieved with the people and preferably by the people. Co-operators were confronted in the recent United Nations document with a co-operative concept, the concept of self-help. This was a tremendous challenge to all in the world co-operative movement. It provided a new framework for possible action by free and independent co-operative societies and organisations in the international field. This meant that the ICA had to be given the necessary tools. Without substantially improving the resources of the Alliance, most of the discussions on practical projects would just be lip service to a beautiful idea.

Several countries had shown that it was possible to mobilise resources for the work of the Alliance. The experience in Sweden had shown that it was practical and good policy to use a large part of the resources for development assistance in order to support the educational and other activities of the ICA, in other words to work through the ICA. Other organisations might find it possible to support action of the same type as Swedish co-operators in Asia, East Africa, West Africa and Latin America.

Co-operators in the Socialist countries often spoke about crises, unemployment and inflation in capitalist countries, but so far only one country had promised increased support for the ICA during Congress, and that was the United Kingdom.

The over-riding problem was that the needs were known, that methods and experience were available, but there were not sufficient resources. An effort must be made to try to interest more of

the millions and millions of co-operative members in supporting the Alliance.

Mr V. GALETTI, Italy, speaking on behalf of the whole Italian co-operative movement stated that they were in agreement with the programme of work for the next four years as outlined by the Central Committee.

The Alliance, a world-wide organisation, which could play a role in developing the co-operative movement in different political, social and economic conditions throughout the world, should make its image more specific.

In order to reply to this calling, the ICA had already shown that it would support the following three strategies—unity of inter-co-operative collaboration, unity of international co-operative action and unity in the promotion of co-operatives in the Third World.

The positive experience of the regional offices in Asia and Africa showed the need to take into account differing situations and to co-ordinate the co-operative movements more efficiently in all regions. It would then become easier to co-ordinate and strengthen the efforts for inter-regional collaboration, especially the efforts which were necessary to give a new impetus to solidarity and practical aid by the industrialised countries to the Third World. This would be the true test of the strength and the vitality of the ICA as a whole.

The economic crisis which struck at the heart of the industrialised and developing countries made it more necessary than ever before to have concerted action among the co-operative movements. Among many people there was a new awareness of the co-operative movement. They hoped that Co-operation could represent a way of overcoming

these difficulties and finding a solution to them.

Delegates had a big task confronting them. Efforts had to be renewed to extend the co-operative movements within national boundaries and at the international level. In order to achieve these aims co-operators had to play their part. Efforts must also be made to ensure that governments would play their part in taking legislative and economic measures to create conditions which would be favourable to action. At the same time co-operators had to be vigilant to ensure that the autonomy of their movement was not threatened.

If only on the basis of modest experience in recent years in some African countries, the Italian co-operators were confident that progress could be made along this difficult road.

Mr H. MORSINK, United Nations, speaking on behalf of the United Nations Secretary-General, Mr Kurt Waldheim, pointed to the Secretary-General's personal interest in the international co-operative movement which had been reflected in the fact that in 1973 he had received the members of the ICA Executive Committee in New York.

Referring to item 4.11 'Collaboration with UN and its Specialised Agencies', Mr Morsink indicated that he wished to make a distinction between the role of the UN Economic and Social Council and the UN General Assembly, which were the policy-making bodies taking the decisions that would influence the attitude of Governments, in particular of donor Governments, in support of the co-operative movement.

The United Nations Secretary-General had submitted detailed reports about the co-operative movement to the

Economic and Social Council, specifying its role in international development and its contribution to that development. The most recent reports had been submitted in 1970, 1972 and 1973.

It was with regret, however, that he had to report to Congress that there were signs that the Council had been reassessing its attitude towards the co-operative movement. In 1973 none of the 54 Governments present in the Council had been willing to initiate or adopt any resolution in support of the co-operative movement. In 1975 none of the delegates of the 54 Governments had spoken on the subject of co-operatives at all, even though an elaborate report had been submitted, which had been prepared by the Secretariat in collaboration with the Secretariat of the ICA, the FAO, ILO, the International Federation of Agricultural Producers and the World Council of Credit Unions and all major co-operative organisations concerned.

This rather sad news had led to a growing feeling within the Secretariat of the United Nations that it would be rather difficult to recapture the unreserved goodwill and complete support of the Council, which it had expressed in the 1960s. Now it seemed that the Council was waiting for the co-operative movement to come up with new ideas, new approaches to development and new commitments among its members. He wished to congratulate the President on his opening address indicating many new suggestions for the future programme of the Alliance.

Looking at the question of why the Council had reassessed its attitude, Mr Morsink thought that it could be said that in recent years the interest of the

United Nations policy-making bodies had been focussed more and more on the need to combat poverty and to introduce social reforms to this end. The resolutions adopted by the Economic and Social Council in support of co-operatives had tended more and more to view co-operatives as a possible instrument to achieve this objective. In this context he wanted to offer his congratulations to the Director and the Central Committee of the ICA on their plans to convene a meeting of high-level co-operative experts who would discuss in 1977 the vital question whether co-operatives, in their mode of operation and structures, were responsive to the problem of poverty and social reform in developing countries.

Concerning immediate action by the co-operative movement to improve the conditions of the poor and enlist their active involvement in their own development, the United Nations Secretary-General had suggested that special importance, should be given to field projects that answer the urgent and desperate needs of the poor in developing countries.

The United Nations had put funds at the disposal of the co-operative movement in this connection. For several years the United Nations Capital Development Fund had offered the international co-operative movement help in providing necessary funds—for example, for implementing local co-operative projects which would provide credit to the poor. These offers had been made through the Joint Committee for the Promotion of Aid to Co-operatives (COPAC) where the United Nations, the ICA and other major organisations were collaborating.

On behalf of the United Nations Secretary-General, Mr Morsink wished to express the hope that in the course of the work programme for the period 1977-1980 the ICA would devote some of its precious energy to initiating and strengthening practical programmes and projects which may help in combatting poverty, thus providing a glimmer of hope to the millions of people living in poverty and misery.

Mr ABD-EL KHEIR, Egypt, pointed out that Egyptian co-operators were taking part in Congress for the first time.

Speaking on the Middle East, he said that illiteracy was rampant. The average was 70 per cent, but in some countries it was as high as 90 per cent. Illiteracy amongst women was even higher. It was for that reason that a Higher Institute of Co-operative and Managerial Studies had been set up in Egypt without assistance from the Government or outside sources.

Co-operators in Egypt were aware of the financial problems of the ICA, but the establishment of a regional office and education centre of the ICA in the area would assist in combatting the problem of illiteracy.

Mr A. E. SAENGER, of the United Nations Industrial Development Organisation (UNIDO) brought greetings from the Executive Director.

He referred to the collaboration between the Alliance and UNIDO on the one hand and between the International Committee of Workers' Co-operative Productive and Artisanal Societies on the other. UNIDO was using co-operative methods more and more and in the application of self-help principles close collaboration had

been promoted between developing countries.

In January a seminar has been held in New Delhi where the poorest of the Asian countries together with some industrialised countries had established a programme for the next few years. Part of the activities of UNIDO dealing with the transfer of technology were within the framework of UNIDO's co-operative investment programme.

In 1975 the Lima Declaration and the programme of action for industrial and technical co-operation had been proclaimed, which had stressed that in developing countries the national policies of industrialisation must devote the necessary attention to industrial co-operatives, because they mobilised human and industrial resources in order to achieve national goals of economic and social development.

In this context mention should be made of the close collaboration of UNIDO with the Centre for the Promotion of Industrial Co-operatives set up in Poland by the International Committee of Workers' Productive and Artisanal Societies and the Polish Union of Work Co-operatives. A joint programme of international collaboration was under consideration and an agreement was likely to be signed before the end of the year.

The report on collaboration between co-operatives had successfully gone into industrial production. In view of this it would perhaps be possible for industrial co-operative production from developing countries to be absorbed by co-operative organisations of consumers in developed countries. Trade exchanges were already being undertaken by INTER-COOP and such exchanges

might also be undertaken with developing countries which would benefit from technical assistance in the field of production, quality control and marketing which could eventually be provided by UNIDO, UNCTAD and other agencies.

The report had stated that the quality of manufactured products from developing countries had sometimes been an obstacle to their sales. This obstacle, could perhaps be overcome more easily than inflation, the disruption of the monetary system or the general recession which hampered international trade.

By offering the collaboration of UNIDO in a number of fields, Mr Saenger reiterated its willingness to work with the ICA to set up a joint programme for practical and efficient activity in the future. This was a challenging task. UNIDO would be happy to join its efforts with those of the ICA since producers or consumers of developed or developing countries were called upon to subscribe to the New International Economic Order as an act of faith.

Mr J. J. MUSUNDI, Kenya, congratulated the ICA authorities on preparing this document and expressed the hope that, consequent on this discussion, a new pattern for a programme of work would emerge which would be followed in the future. The image of the ICA as a worldwide co-operative organisation would very much depend on the success of the role of co-operative enterprises in promoting the pace of development required to enable them to surpass the efforts of the multinational corporations.

The membership of the ICA was largely in the industrialised countries. It must aim at becoming truly representative of the co-operative movement of

the world. Financial barriers to membership should not be such as to hold back the development of the ICA. Those potential members who were often unable to pay were the ones in greatest need of help. It was therefore necessary for the ICA in collaboration with the Regional Offices to make it possible for all eligible members to attend and participate in the activities of the ICA as full members.

With regard to the auxiliary committees, there was an urgent need for these committees to be open to all ICA members as a matter of right. The Regional Offices should be encouraged to set up sub-committees of all types in order to ensure the effective participation of movements in developing countries in the work of the ICA.

With regard to co-operative education, most training should be undertaken within member organisations and within member countries. Institutes of learning were expensive to construct and maintain and those countries in greatest need of such intensified education were also the ones least likely to afford such institutions. The ICA should consider the setting up of a large education fund capable of starting off desired institutions to a level where member organisations or their governments could support them. Such efforts would enable co-operative organisations in developing countries to provide the necessary training facilities for their members in their own countries.

The establishment of the Advisory Group for International Training of Co-operators (AGITCOOP) had been a useful innovation. The result of the group's work should be publicised, so that member organisations could avail themselves of the expertise of this group.

The ICA should also promote co-operatives where none existed and assist those in developing countries. It must adopt a more aggressive approach by instigating collaboration with governments and existing national co-operative movements to facilitate speedy co-operative development whenever such development was welcome, without waiting for spontaneous development.

Co-operative educational tours and visits for co-operative leaders from developing countries within the regions or overseas should be arranged with the help of UNESCO and similar agencies.

Mr Musundi submitted proposals on the following lines: the ICA should set up or encourage member organisations in the industrialised countries to set up a special fund to finance investment in developing countries which would cater for long-term, medium-term and short-term investment needs; the ICA should monitor and identify projects which could be undertaken as joint ventures between the co-operatives of developed and those of developing countries; the ICA should support the New International Economic Order and member organisations could set an example by opening up needed reforms in their areas of operation; the ICA Secretariat staff should be made available to visit co-operatives in developing countries in order to project the image of the ICA in the areas concerned.

Mr E. HORII, International Confederation of Free Trade Unions, brought greetings from the General Secretary of the ICFTU. Reference had been made in the long term programme to close collaboration with international non-governmental organisations, which included the international trade union

organisations. Although he was the only trade union representative present at Congress, he could only speak on behalf of the ICFTU which had regarded and would continue to regard the ICA as an ally and partner.

He expressed the hope that the fruitful collaboration with the ICA in various fields would be further intensified and expanded. The ICA had accepted an invitation to take part in the working group on multinational corporations set up by the ICFTU which was due to meet shortly.

Although collaboration between co-operatives and trade unions was not to be discussed until later, Mr Horii asked Congress for special permission to speak on this subject as he had to leave at the end of the session.

The ICFTU had greatly appreciated the resolution adopted at the Warsaw Congress dealing with collaboration between co-operatives and trade unions and the study published by the ICA on the same subject. The Report on Collaboration between Co-operatives had mentioned that the recent ICFTU report on industrial democracy approved by its Congress in 1975 had contained a warm commendation of co-operative ideas in general and of the extension of co-operative production in particular. This was a new field for the ICFTU where exchange of experience and ideas with co-operators would be beneficial.

In spite of co-operatives having been accused of failing to reach the poorest section of the working population, the ICFTU continued to encourage its member organisations in the developing countries to try the co-operative method in their efforts to meet the needs of their working people, for whom trade unions

were often the only social institution known to exist and to be working for them.

The "co-operative method" was not merely a matter of technique. It meant the principles and ideas that inspired and continued to inspire all co-operatives worthy of their name. It was sad to see some government extension programmes being paraded as co-operative. It was well known that in a few cases rather successful co-operative enterprises set up by trade unions had been replaced by such government-imposed schemes.

Co-operatives were not simply business organisations. They were, like free trade unions, one of the most valuable instruments for human development, provided that they remained truly independent voluntary organisations under democratic membership control. Many of the problems that were being faced in an increasingly large number of developing countries stemmed from the fact that such voluntary organisations of common men and women in the lowest social and economic strata did not readily fit into the life patterns of a rigidly hierarchical society.

The rural poor were more likely to come into conflict with the vested interests of the other segments of their society as experiments succeeded, as confidence of their own potentialities was instilled into them and as help was given to them to release their energies for the improvement of their lot through collective action.

Mr Horii posed the question whether established co-operatives, often representing the interests of the comparatively better off agricultural producers, would be prepared to work for a more equitable distribution of wealth and press for

necessary institutional reforms. If this was so, then one of the misgivings that stood in the way of fuller collaboration between co-operatives and trade unions would be removed.

There were, of course, other problems, but they did not affect the fundamental belief of trade unionists in the overriding necessity to collaborate with their co-operative partners. They had to work together wherever possible in providing the effective means for a fairer distribution of wealth and to defend together their right to raise the voice of conscience in national and international gatherings in order to ensure that human values were not sacrificed for the sake of political and economic expediencies.

Mr N. MIHAI, Romania, made reference to the training and education which was being provided for co-operators from developing countries in his country. Some of the high-level educational institutes were providing training for co-operators from some African countries, so that they could become competent leaders able to contribute directly to improving the level of efficiency of their co-operative organisations.

Speaking on Youth, it was the duty of the young generation to continue social development and in this connection co-operatives in Romania, with the support of the party and state, paid special attention to the needs of the co-operative youth of his country, educating it professionally and socially.

The future development of the co-operative movement depended on the way in which the young people might be able to influence the further social and political evolution of the developing countries. The ICA and its specialised

committees should do more in the field of youth for co-operatives in developing countries by educating and training the cadres and should seek solutions that would lead to the economic strengthening of the co-operative movement.

Mr M. G. HESS, Secretary of the Banking Committee, addressing Congress said that the Executive of the Banking Committee had met prior to Congress and this meeting had been followed by a plenary conference in which the programme of the Committee for the next four years had been discussed. Banks were not particularly interested in publicity, preferring to work more covertly. For this reason the work of the Banking Committee had not always been perceived in the correct light.

It had been decided that the Banking Committee should participate in the Fourth International Conference on Thrift and Credit to be held in Rio de Janeiro in April 1977 by providing financial resources and speakers. Support would be given to the International Liaison Committee on Co-operative Thrift and Credit. Contacts with other institutions would be reinforced and the exchange of information and ideas in order to improve collaboration between member organisations would be promoted. The exchange of young employees in member banks would be encouraged and meetings of people working in banks would be organised through facilities provided by the International Co-operative Bank (INGEBA).

The financing of co-operatives in developing countries was of particular interest to the Banking Committee, but it must be borne in mind that INGEBA and its shareholder banks were not in a

position to take on greater risks. But there were other institutions, such as the World Bank, which could assist co-operative movements in developing countries through INGEBA. Once the risks had been clearly assessed, a certain amount of credit could be offered.

A paper had been presented on the work of the co-operative banks in Latin America and it was hoped to continue collaboration with them.

Ms V. THORNTHWAITE, USA, stated that the Cooperative League of the USA was supporting the ICA's long-term programme of work. They believed that the major purpose of the ICA and its member organisations was to advance co-operative enterprise, both in countries where it is seemingly established and also in developing countries.

In order to do this an important function of the ICA was the provision of practical opportunities for an exchange of views and experiences, as presented at Congress. A partnership concept could be realised through the work and activities of the auxiliary committees, but co-operative societies themselves must take some responsibility for reaching out to the whole movement, even within their own countries. Greater co-ordination and unity should be sought with the ICA both on activities and on scheduling in order to maximise efforts and minimise expense. The suggested joint meetings with the Chairmen and Secretaries of the auxiliary committees were a worth-while undertaking in this regard. Auxiliary committees should explore the possibilities of permitting member organisations within a region to form self-supporting sub-committees.

The ICA needed a long-range plan

for the financing of Regional Offices and for extending its services to co-operative movements not yet served by Regional Offices.

The promotion of peace was a recognised area of ICA concern. Its contribution to peace was to strengthen the co-operative movement. Resources diverted from this effort would not be as productive as inter-co-operative trade and the building of strong democratic economic institutions.

In connection with peace, there were three points that should be made. First, the strengthening of ICA representation at the United Nations as a way of influencing its policies and operations in the co-operative context was to be welcomed. Secondly, there was the question of economic and political concentration of power in the world. Regulation and competition were two ways of controlling such expansion of power. By strengthening co-operatives with programmes of research, education and management training it should be possible to provide a climate for multinational co-operatives so that they could develop and compete and be an effective countervailing force. Thirdly, a future peaceful world also depended on the participation of young people and women of the co-operative movement. The ICA could provide a forum for the exchange of information, but the responsibilities beyond that point were with member organisations, as was so much of the practical work of the ICA.

The continual improvement of the structure and effectiveness of the ICA was of great importance. It had been agreed that the ICA Congress should be more forward looking. Perhaps the

procedures of operating the Congress and of conducting the affairs of the ICA needed study as the ICA undertook almost overwhelming assignments. An effort should be made to structure within the ICA a process of continuing evaluation of the governing bodies and their effectiveness. The activities of the ICA depended upon the resources of the organisation, and the formation of an *ad hoc* group on finance in this respect was to be welcomed. Perhaps a portion of the new thrust of the long-range programme might find some financing outside the ICA budget by interested agencies and organisations, such as the FAO and UNIDO.

Mr H. N. OSAKWE, Nigeria, extended greetings from the co-operative movement in Nigeria.

The co-operative movement in Nigeria had witnessed a period of rapid co-operative expansion and development since the inception of the Co-operative Development Decade. The Federal Government of Nigeria had publicly adopted the co-operative movement as an accredited national instrument of economic and social development. The Co-operative Federation of Nigeria and its affiliated co-operatives were paying very great attention to the development of co-operative unions, federations or councils at State and divisional levels, which in turn spear-headed and promoted the orderly development and growth of primary co-operative societies within the urban and rural communities.

The consolidation of the existing co-operative banks and the establishment of new ones offered the climate required for the stable economic investment of co-operative societies.

It was now clear that the demand of the ordinary co-operator in Nigeria was to see an ordered society where those in the movement could contribute to the economic and social development of their country. The Federal Government had given maximum support for the expansion of the existing co-operative colleges and the resuscitation of those which had been insufficiently active for the past five years. This decision had no doubt been taken in keeping with the Government's policy of helping the co-operative movement and also in acknowledgment of the fact that the rate of growth in the co-operative movement was so rapid that it needed Government assistance to blend it with the national programme for capital and manpower development. In this way it would be possible to plan more realistically a programme of training for key men and women who would direct, manage and administer the affairs of the co-operative movement. The State Governments were at the same time promoting co-operative education at their levels in order to achieve greater efficiency.

The programme of work for 1977-1980 stated that during the Co-operative Development Decade consideration would be given, resources permitting, to the setting up of ICA regional offices in those parts of the world where they were desired by the national movements and had a useful role to play. The report stated that "ICA activities in West Africa have lately been on the increase; repeated requests have been made by co-operators to establish an ICA presence in West Africa. Investigations will be conducted into the feasibility of creating an ICA focal point for West Africa." The Co-operative Federation

of Nigeria had been in the forefront of this repeated request. Co-operative societies in Nigeria, in close collaboration with the Government, were anxious to pool their resources to offer the necessary help in this respect. It was hoped that in the near future a survey would be carried out by the ICA and that it would lead to a favourable result. Help was, however, needed from many of the stronger national co-operative organisations such as those in Canada, the Americas, Europe and Asia and from other regional co-operative bodies.

The report of the Functional Literacy Seminar held in Nigeria in 1975 was very illuminating and stimulating. It would not now be prudent to withdraw from this area, but it would be important to make the ICA presence in West Africa more permanent and therefore more effective.

The economy in Nigeria was mainly agricultural, even though recently there had been an increase in mineral oil production. It was still an agricultural country and therefore efforts had to be concentrated in the field of agricultural Co-operation, co-operative distribution and consumer goods and services for the ordinary men and women, backed up by co-operative education and sound financial management.

The recommendations made by the Central Committee needed every delegate's support. Mere moral support was not enough. All had to share in covering the cost of the programme additional to the present budget.

At the end of the session, the GENERAL SECRETARY sought the formal approval of Congress of the nomi-

nations for election to the new Central Committee.

Fifth Session

**Thursday, 30th September 1976
(morning)**

DEBATE ON PROGRAMME OF WORK 1977-80 (resumed)

Mr F. OWEN, United States, spoke in support of the ICA long-term programme of work, and commented on the role of the ICA in technical assistance.

Co-operatives were necessary as a base for sound rural development. There were very few examples of successful rural development anywhere in the world without the social and economic effects of co-operatives. Co-operatives had proven able to help people to achieve better lives.

The problem facing most developing countries was how to do a more effective job of developing co-operative institutions. If this was so, then what was the proper role for the ICA in providing technical assistance? What did it have to offer?

First, within the ICA membership there were the successfully operating co-operatives in every field of co-operative endeavour. In these co-operatives were persons with the practical operating experience essential in the planning and implementation of newly-organised co-operatives in the developing world.

Secondly, in the ICA membership were many of the co-operative organisations of the developing countries which were seeking access to the financial and technical resources needed in their development.

Thirdly, the ICA in its daily work was in contact with all those national and

international donor organisations which were involved in co-operative technical assistance. These included UN agencies such as FAO and ILO, foundations, national Governments, religious organisations and other social groups. The ICA was in a strategic position to bring to this front line of world need the number one element now missing in most co-operative efforts—that was, the experienced co-operative operational persons who understood both the social and economic elements involved in viable co-operative development.

Co-operatives were not easy institutions to form, especially the involvement of members in the operations, financial stability of these operations and the desirable social and economic results.

The ICA could become a catalyst for more effective co-operative development. It was the best-qualified and most appropriate international organisation to act as an intermediary between these three groups: the funding organisations, the co-operative organisations which could supply the experienced personnel, and the developing countries which were seeking help and direction. The ICA, acting in this role of catalyst, should encourage donor agencies to use the resources within its membership.

Mr Owen cited the example of the Indian Farmers' Fertilizer Co-operative (IFFCO) which was one of the most successful co-operative endeavours in the developing world. Within 16 months of its inception IFFCO, owned by the farmers of India and assisted by the fertilizer co-operatives of the USA, had generated 2.5 million dollars of savings and had saved the government of India over 100 million dollars in foreign exchange. In addition six reductions in

fertilizer prices had taken place within the last year. This and other such projects would not exist without the input of experienced personnel supplied by member organisations of the ICA.

The ICA had an open channel to discuss with the UN agencies and others the greater utilisation of operational personnel within the ICA family of members. The ICA should not attempt to create the capacity within its own staff or in the staff of the Joint Committee for the Promotion of Aid to Co-operatives (COPAC) to plan or implement co-operative activities, but should find the way effectively to utilise its greatest resources—its member organisations. It had been pleasing to hear the remarks of the President of France urging a marriage of greater governmental financial support with the technical expertise of co-operatives in development.

Worldwide co-operative development would depend upon the ability of co-operatives in the more developed countries to transfer and adapt their experience to the needs of people in their sister nations who were asking for help. Viable co-operatives could not be created by talking co-operative principles only. There was need for action to strengthen the bonds and transfer the knowledge from the people who had already achieved some success to those who were just beginning. Who knew how important such bonds could be in the future world economic and social order?

Mr B. CATALANO, Secretary of the Workers' Productive Committee, stated that his Committee was convinced that the ICA could play a very important role in making a contribution towards the New International Economic Order, as

it had been invited to do by Mr Giscard d'Estaing.

The Committee at its meeting prior to Congress had discussed a report on the programme of its work for the period 1977-80. It was important to increase membership of the Committee and to ensure that members were more active. There was a need for members to give aid to co-operatives in other parts of the world, particularly in the developing countries.

The Committee would in future aim at more effective collaboration between members in supporting programmes not only at the ideological level, but also through practical contributions.

Particular attention should be given to the promotion of industrial co-operatives in both the developing and the industrialised countries taking into account the recommendations adopted by the ILO Employment Conference held earlier in the year. Consideration had been given to the appointment by member organisations of a permanent correspondent in the various regions with a view to later decentralisation. At some stage in the future there might be the need for making a member of the staff of the ICA Regional Offices responsible for developing industrial and artisanal co-operatives. The Regional Offices in East Africa and South-East Asia should provide the committee with information about the need for help in countries in those areas.

The Committee would in future issue its own newsletter and would continue its support to the Centre for the Promotion of Industrial Co-operatives in Warsaw. Closer relations with the Housing Committee would be sought.

The links with UN agencies and other

organisations supporting the development of co-operatives should be intensified, but this could not be done without the help of the ICA. The Directors-General of the ILO and of UNESCO in their speeches had expressed the desire for closer collaboration with the ICA. Heed should be taken of these speeches, because they bore witness to the representative force of the ICA and the increasing credibility of its image.

The Committee was aware of the lack of financial means of the ICA and the difficulty of having sufficient personnel to ensure its presence in other parts of the world where this would be necessary. For this reason it was necessary to re-examine the role of the auxiliary committees, a name which should be changed to "specialised committees". This would give the committees a wider scope of action and greater responsibilities. They should be encouraged to take a more active part in the general programme of the ICA. On the other hand the ICA should consider the committees as its technical bodies and assist them in all matters which could fall within their spheres of activity. This would imply a large promotional and political delegation of powers to each committee. The committees could take action which the ICA could not take at present because of its lack of means.

The Workers' Productive Committee had helped the ICA by representing it at various conferences organised by the UN agencies, and at the periodical meetings of UNIDO in Vienna. Through better co-ordination the Committee could play a larger role within the ICA and help it in carrying out its long term programme of work for 1977-1980. As specialised committees, not simply auxi-

liary committees, they could carry out their work more effectively, leaving to the ICA the basic political and representative functions which should remain its responsibility.

Mr C. H. PERETTE, Argentina, brought greetings from the co-operators of his country and expressed his appreciation to the Central Committee for the work it had done with regard to the long-term programme of work.

The Co-operative Development Decade constituted a real challenge for the developing countries. It was a means of proving solidarity with all people in all countries of the world. Much had been done in recent years but more must be done in the years ahead. The developing countries were not asking for charity from the industrialised countries, but for solidarity and joint efforts in the tasks to be fulfilled. These were the fundamental bases of international co-operation.

Co-operators must act to achieve these aims. Under-development should be overcome, as should poverty, social injustice, oppression and economic dependency. Under-development was sometimes caused through influences outside developing countries. An intensive effort was therefore necessary not only by the ICA, but also by co-operators in other countries without any distinction of ideology, race or religion.

Co-operatives were the source of peace and solidarity throughout the world. Only they could overcome the problem of under-development, of economic inequality and social backwardness. In Latin America, with a population of 300 million which would increase to 600 million by the year 2000, rigorous efforts must be made to promote co-

operatives. In Argentina there were already 5,000 co-operatives with a membership of 6 million.

Co-operation would not be overcome. It was bound to triumph, because it could help in the spiritual field, in education, in the moral field and also assist in achieving a more equitable economic situation.

Mrs P. VARATORN, Thailand, said that co-operatives in her country were initiated by the Government in 1916 when the first co-operative society was established among the small paddy farmers. The primary intention of the Government had been to relieve farmers of severe indebtedness and to enable them to retain ownership of their land.

In 1943 the Bank for Co-operatives had been established to serve as a financing institution of agricultural co-operatives. In 1968 the Co-operative Societies Act had been promulgated in order to facilitate the expansion and improvement of co-operatives. This legislation had embodied two new features—the amalgamation of co-operatives and the establishment of the Co-operative League of Thailand. At present there were six main types of co-operative in Thailand: agricultural, land settlement, fisheries, consumers, thrift and credit and services. Amongst the service societies were five rural electric co-operatives, one taxi drivers' co-operative and four housing co-operatives.

In order to improve the performance of co-operatives in Thailand it should be recommended that the Government should encourage the Bank for Co-operatives to become the financing institution for all types of co-operatives and that the Department of Co-operative Promotion and other agencies concerned with the

promotion of co-operatives should work out a long-term programme for the improvement of farm techniques, cottage industries, marketing and processing, and co-operative management; advice should be sought from the ICA to accomplish these tasks. It should further be recommended that the ICA should assist in working out a plan for closer collaboration between the Department of Co-operative Promotion, the Bank for Co-operatives and the Co-operative League of Thailand.

Mr Y. DANEAU, Canada, said that from the report it could be seen that the image of the ICA was predominantly one of an organisation of consumers. This was largely to be explained by the history of the ICA. In years to come it would be necessary to ensure that other forms of co-operatives became associated as closely as possible with the ICA, especially the financial and agricultural sectors, but also housing, fisheries and the new types of co-operative which were now being established in various parts of the world. A greater balance had to be established between the production, consumer and financial sectors.

In many regions of the world the ability of political and economic systems to meet the needs of the people were being questioned today. The different types of development which Co-operation offered and the very varied fields of activity in which it could participate should be emphasised. It was also necessary to stress increasingly that Co-operation as a dynamic experiment in social and economic development was a new means of offering a valuable, positive and efficient answer to the many problems which countries faced today. No distinction between the developed coun-

tries and the Third World countries should be made when one was thinking about Co-operation as a means of development; it had the same advantages for both.

For the benefit of the whole co-operative movement, the ICA should project an image of an institution which was truly international, truly open, and ready to respond to the different co-operative sectors. It should aim to increase membership and vary such membership as far as possible. For this reason greater collaboration between co-operatives at the national and international level was needed. Only thus would it be possible to solve some of the problems raised in the Report and to present Co-operation as a truly flexible movement capable of responding to present-day problems.

Mr P. O. MOHN, United States, pointed out that although he was representing the Co-operative League of the USA, he was also the President of the International Association of Co-operative Educators. Members of that Association were primarily from the Caribbean, Canada and the United States.

Dealing with the role of education in management training as it impacted upon co-operatives as efficient economic organisations, he said that his delegation would support the long-term programme of work on education as stated in the various sections of the Report. Management training could, however, be interpreted in several ways, as was evidenced during the Education Conference. Two fundamental and critical elements of management training as a priority issue related to who was going to be trained and what information was going to be disseminated.

To be effective in the long term as a

co-operative enterprise of and for the members, it was imperative that the total management team, namely the committee, received training. The word "committee" would mean those who represented the members and those operating management which were hired by the committee. They should concern themselves with sophisticated and up-to-date management principles and practices.

The ICA met this need already to some degree through regional management seminars. It further contributed by surveying what management education was being conducted for operating management by member organisations. It seemed, however, that the required emphasis upon management education for the elected committee members was absent.

Significant efforts had been made, particularly in Canada and the United States, to ensure that every committee member had an opportunity to participate in seminars. Usually this was done with operating management to develop proficiency in decision-making and leadership, combined with management proficiency by operating managers. He urged the ICA similarly to place equal emphasis on educational programmes for committee members.

Without each part of the management team fulfilling its role effectively, the great danger existed that the co-operative would lose competitive efficiency. On the other hand, there was a danger that the co-operative would not respond to the will of the members, and for all practical purposes would become like a proprietary corporation where the sole objective was profitability rather than service to members. Balanced leadership

between both parts of the management team was most likely to achieve both efficiency and responsiveness to members' economic and social needs.

Most people would argue that managerial competence in co-operatives must be as great, or greater than, that of proprietary corporations. Since the last ICA Congress, co-operative leadership in the United States had taken a significant step to instill in young co-operative executives the meaning of co-operation. The objective was to help these young executives to become successful co-operative leaders as well as successful managers. For this purpose the Graduate Institute of Co-operative Leadership was established at the University of Missouri with a governing board representing both co-operative management and committee members. A similar institute for committee members was under consideration. A book entitled "Boards of Directors of Co-operatives" had been published to strengthen the decision-making and leadership of committee members within the context of co-operative philosophy and principles.

Another neglected area in management education was that of inter-co-operative collaboration. Significant opportunities existed for increased collaboration between co-operatives. They existed at three specific levels: (1) between co-operatives of a country in the same service or product field, such as between and among agricultural co-operatives; (2) between co-operatives of a country in different service and product fields, such as between consumer and agricultural co-operatives; (3) between co-operatives of different countries.

There were a number of examples at these levels, but few existed between

co-operatives on different continents. In the management and committee members' training programmes, greater emphasis should be placed upon issues related to multinational collaboration between co-operatives.

A good example of what could be done between co-operatives of different continents would be the co-operative venture called Nordiscan owned jointly by the Greenbelt Consumer Services of the USA and Nordisk Andelsexport, owned by the Scandinavian consumer wholesale societies. Nordiscan bought furniture for the Greenbelt consumer co-operative from the Scandinavian countries thus making it possible for a consumer co-operative in the United States to materially benefit its members.

This initial collaboration could be a beginning for much more product and service collaboration. To fully develop these opportunities, it was essential that management training broadened the horizons of both operating management and committee members. The ICA should be encouraged to continue its leadership in co-operative education and training. Particular attention should be given: (1) to increasing emphasis on education and training of committee members; (2) to ensuring that co-operative principles were a continuing part of the educational programme for co-operative operating managers; (3) to encouraging increased efforts to broaden the horizon of both management and committee members for collaboration between co-operatives.

Mr P. TRAMPCZYNSKI, Poland, pointed to the role of workers' co-operatives in accelerating economic development. In order to encourage such development it would be necessary to set up

centres for the promotion of industrial co-operatives.

A Centre for the Promotion of Industrial Co-operatives had been set up in Poland. The administrative costs were borne by the Polish workers' co-operatives and the various assistance programmes were jointly financed by the Polish co-operatives and the specialised agencies of the United Nations—in particular by UNIDO. The Centre worked in close collaboration with UNIDO and with the help of UNIDO, seminars and management training courses for co-operative leaders from developing countries had been organised every year in order to promote industrial co-operatives in these countries.

Part of the 1976 Poznan International Fair had been reserved for displaying craftsmen's industrial products of co-operatives from developing countries. This had created a great deal of interest and made people aware of the needs. It also gave the opportunity of comparing the quality of goods offered and of establishing possible channels for the transfer of technology.

It was necessary to stress the activities of workers' co-operatives which could play a very important part in increasing the standard of living of the people in the developing countries. The Second General Conference of UNIDO stated that national industrialisation policies in developing countries should encourage small, medium-scale and rural industry and to this end due attention should be given to workers' co-operatives.

Mr S. SULEMESOV, Bulgaria, pointed out that one of the major tasks which required the efforts of all co-operators was to increase the membership of the ICA by attracting all co-

operatives which applied the co-operative principles. In a number of geographical areas there were agricultural co-operatives which were not members of the ICA for reasons which were defined in the Report.

There were many areas where there was no ICA presence, despite the fact that conditions were favourable. This was the case in Asia, Africa and Latin America. Governments of many countries in these areas were in favour of co-operatives and the opportunity should be taken to seek new members. Experts should be sent out to help the young co-operative movements in order to enable them to expand and also to assist in setting up new co-operative movements. This would also make it possible to set up national organisations which could become members of the Alliance.

The Bulgarian co-operative movement had set up a school for the training of cadres from developing countries and was willing to expand this activity.

The subscription to the ICA created problems for a number of co-operatives. It might be possible to adapt contributions to the situation of these co-operatives. If it were possible to attract more organisations into membership, the ICA would become more representative.

Mr K. HARDING, Canada, referred to the section dealing with the Fisheries Sub-Committee and paid tribute to the untiring work of Mr P. Lacour, the retiring chairman. Because of the wide geographical distribution of membership the chairmanship had not been an easy task. The first Open World Conference on Co-operative Fisheries held in Tokyo in 1975 had been a concrete result of Mr Lacour's efforts.

The Committee would continue its

work under the chairmanship of Mr J. Saito, President of the National Federation of Fisheries Co-operatives of Japan. The meeting held in Paris had indicated that practical action to achieve maximum results in the development of fisheries through co-operative channels throughout the world was desired. There had been a unanimous expression of opinion that the Fisheries Sub-Committee should be given the full status of an auxiliary committee, and it should in future be known as the ICA Fisheries Committee.

With the rapidly increasing world population and the critical acceleration of pollution of the environment, particularly of the oceans, the future of the fishery resources of the world was at the most critical stage recorded in the history of the earth. Those who were citizens of maritime nations had been following with much interest the conferences on the Law of the Sea. Whether or not these would eventually lead to international agreement was still open to question, but it was evident that fishing limits of 200 miles would be fairly general by 1977. Those nations, like Canada, with important stocks of anadromous fish, such as salmon, knew that this was not enough if the sensible management of such species, in order to maintain their maximum sustained yield to feed the world's growing population, were to be successful.

These problems were of the utmost importance to everybody. The experience gained by fishermen in co-operatives in running their own affairs made them more mature and responsible in their attitude towards such problems. Fishermen had a vested interest in the fishing industry, because for the most

part they followed it, generation by generation. Therefore they had an interest in environmental control and conservation of fish stocks. Their interest was not only in what they might catch today but in what would be available for those who followed them.

Therefore there would be an important future for a committee that might be called the ICA Fisheries Committee in utilising to the fullest extent the inherent responsible attitude of members of fishermen's co-operatives to collectively take a position on these important issues. Such a committee could be used as a voice for the expression of opinions on such issues as the control of the environment, the minimisation of adulteration of marine food products and the maximum sustained yields of fishery resources.

Mr R. L. MARSHALL, United Kingdom, offered his tribute to the competence, the organisation and the contrivance of the Report. It posed, however, two questions. First, was this the work co-operators wanted to be accomplished? Secondly, if this was so, were members prepared to pay for it? Mr Whitehead had already indicated that the British response would be sympathetic and positive.

Beyond that, Mr Marshall wanted to offer two reflections on a particular section of the Report. The reflections were addressed to the sections of the Report dealing with the image of the Alliance. That image was good. Co-operators looked upon the Alliance with respect, gratitude and affection. That was a tribute to past Directors and the present Director who for many represented a focus and embodiment of the contribution of the Alliance. But the

reflections would take the form of two pieces of advice to himself.

The first advice was in a sense arithmetical. It was that only once a year or perhaps twice a year, at most three times a year, he would speak of 326 million co-operators supporting some point of view or some resolution of opinion. That in a sense also was the indication in cautious terms of the Report itself. It offered the advice that one could not attach too much importance to the passing of resolutions. One certainly could not claim for such a resolution a consensus of 326 million co-operators. Of course, the figure was mathematically precise, legally and constitutionally correct, but the reality of positive commitment to Co-operation, the reality of some understanding of Co-operation, was much more limited. It was the duty of co-operators to extend that reality as widely as possible.

Mr Marshall went on to say:

"My second reflection follows in a sense from the first. I advise myself to make the most of what the Report calls this 'valuable dialogue which can help in the development of mutual understanding'. And it can if we talk not only about what co-operators share but about our differences, not only talk about our differences but be honest enough to make a dialogue about them—differences in forms of Co-operation, differences in the relation of co-operative institutions to the State which is an area of particular interest to me. We should talk about them frankly and objectively, reasonably and receptively. We should not only talk to each other but listen to each other, and in that exchange perhaps achieve some fruitful advance, not behind barricades of entrenched preju-

dices, not out of entrenched positions of deep-rooted conviction, but as co-operators capable of an honest and frank dialogue.”

Mr P. MAUREMOOTOO, Mauritius, expressed his appreciation of the valuable technical assistance which, as a follow-up to the recent ICA mission to Mauritius, the ICA was offering to the Mauritian co-operative movement in the form of a comprehensive educational programme; he commended the approach which the ICA had adopted in this case and recommended it to other developing countries.

Co-operatives had first been organised in Mauritius in 1913 in the agricultural field. They now involved some 20 per cent of the whole population. They had diversified in all the usual sectors, but had arrived at a crossroads. Co-operators in Mauritius operated in a mixed economy and had to compete with well established private enterprise. Co-operatives had to prove that they were quite as good if not better than private enterprise in the provision of goods or services to their members. The government was very sympathetic, but co-operatives had constantly to show their worth—hence the value attached to the ICA education programme, its thrust would be concentrated on the transfer of skills to the Mauritian people. Only the acquisition of new skills could ensure progress and development.

To be small and insignificant posed no threat to anybody, but as co-operatives were beginning to grow opposition was being encountered. It would assist co-operators in his country if they could make use—with appropriate modification—of the know-how of co-operators in developed countries who had gone

through a similar experience in similar circumstances.

Dr H. FAHRENKROG, German Democratic Republic, commended the ICA on the long-term programme of work as outlined in the Report. It dealt with all types of political, economic and social questions which were of vital interest to all member organisations of the ICA and formed a framework in which each of the federations and members could actively participate.

Priorities had been laid down. This list of priorities established a new stage in collaboration between co-operatives. It was with great satisfaction that it had been noticed that the programme had dealt with the question of time. The element of time should work for peaceful co-existence, as co-operators had been realising for many years, especially in the German Democratic Republic. This was a fundamental aspect of activity which should underlie the long-term programme of work for 1977-1980.

His own organisation had decided to invite AGITCOOP and the Women's Committee to hold meetings in the GDR during the period 1977-80 provided the ICA authorities agreed to that proposal.

Mr LAHITTE, France, welcomed the proposal to establish an efficient system of information exchange which would link member organisations and stressed that efforts must be made to try to project an image throughout the world which would show that co-operators supported the social and economic development of people. Member organisations should try to participate as actively as possible in the activities of the ICA. He supported the idea of the establishment of national liaison committees. These committees could exam-

ine the agendas prepared for the meetings of the Central Committee in order that the programme of work might be carried out more effectively. In France an organisation, the Groupement National de la Coopération which linked all ICA member organisations, could effectively carry out this task.

Auxiliary committees should also have a network at national level. By setting up specialist committees it might be possible to discuss important problems at annual meetings which could perhaps be held prior to the plenary auxiliary committees. The questions to be put before Congress should be widely discussed through the national co-operative movements. This would contribute towards improving the image of the ICA and make it more authoritative with its member organisations.

The Report mentioned four new and emerging problems — environment, energy, population and food. These problems should be studied and debated widely in order to awaken the conscience of fellow co-operators and to make them aware that it was essential to find solutions to these problems.

Contacts between co-operatives of different countries through seminars, symposia and study tours should be developed. An initiative in this respect could be taken through the auxiliary committees which would thus see their educative and research role increased.

Faced with the difficulties of the capitalist world and its structures based on the search for profit, Co-operation could bring a solution to the economic problems. In the present world situation co-operators had a very important role to play. Therefore, it was necessary to improve the image and to encourage

members to become more active at every level of ICA activity.

Mr A. I. KRASHENINNIKOV, USSR, said that the programme outlined the work of the ICA for the period 1977-1980. It was directed towards further strengthening the ICA throughout the world, making known to people the role co-operatives could play in social and economic development and in fighting for democracy and social progress against capitalist monopolies.

If this document was accepted by Congress there would be a programme which would typify the image of the ICA, lay down its policy, its concrete aims and the methods and means by which the programme could be implemented by the ICA.

Centrosoyus would like to suggest that the text of section 2.3.2 dealing with peace should be deleted. This paragraph had not been very well expressed. It stressed perhaps the wrong elements. It could be seen as giving too much importance to the political side of discussions within the ICA, which could mean a return to the period of the Cold War which could so very easily turn into a hot war. The USSR in common with other Socialist countries had managed to turn away from the Cold War towards detente by setting up the prerequisites for the social and peaceful progress of all peoples and countries, especially through the development of the co-operative movement. Co-operators from Socialist countries speaking at meetings of the Alliance during this period, when the political threat was even greater, always bore in mind the idea of peace. The contents of section 2.3.2 did not correspond to historic facts and it would

therefore be a good idea' to delete this paragraph.

Apart from these comments Centrosoyus entirely agreed with the long-term programme as outlined in the Report and gave it its full support.

Section 2.3.6 stated that the ICA was taking a particular point of view with regard to political regimes which were acting against human rights. It went on to speak of—

“refusal to admit co-operative organisations from such countries and sometimes even the expulsion of or suspension of relations with existing members where politically regressive regimes have penetrated the co-operative movement . . .”

Russian co-operators totally supported this statement and thought it should be applied to the situation in Chile. They had no other aim but their concern for co-operators of this country and they were doing everything possible to support them. It was known that many progressive Chilean co-operators were in prison or had been assassinated, others had been forced to emigrate and were now living in various parts of the world. It was the right of the ICA to break off relations with organisations supported by such regimes. The Central Committee held in Budapest in 1973 passed a resolution condemning the Military Junta and calling for respect for human rights.

Throughout the world there had been protests against the tyranny of the present regime and against the flouting of human rights in Chile. There were unfortunately co-operators present at Congress who supported the Military Junta and this was a shameful position.

The delegate speaking on behalf of the London Co-operative Society who attacked the regime in Chile had the full support of the Russian delegation. It would be a good idea for both the Executive Committee and the Central Committee to examine the possibility of excluding such organisations from the ICA, as had happened previously with the co-operative organisation in Greece.

Mr AZIZ IBRAHIM, Malaysia, expressed his appreciation on behalf of the National Co-operative Council of Malaysia to the staff of the ICA headquarters in London and particularly to the staff of the ICA Regional Office in New Delhi for their advice, guidance and assistance given to the co-operative movements in South-East Asia, especially in Malaysia.

Co-operators in the developing countries wanted to participate in the many activities in which the developed countries were involved. It had been noted with satisfaction that the ICA and FAO were collaborating in the interests of co-operators throughout the world. The policies of governments in the various countries changed from time to time and the priorities given to different schemes of development were then modified. If the ICA and the FAO could keep abreast of these changing governmental policies, the co-operative movement could play a greater part in the development of the countries concerned.

In Malaysia the co-operative movement had become an anchor for the people. With their support the movement was growing all the time. But direct help, direct aid from the ICA and the FAO was needed, without the usual red tape. Politics could interfere with the advancement of projects and some-

times hinder such activities. For that reason political comments or activities should be avoided in an organisation like the ICA.

Malaysian co-operators wanted to participate increasingly in fisheries activities. There were potentials for exporting jellyfish, catching sharks and the rearing of cockles. If the ICA and the FAO were able to help the Malaysian co-operators to look into the viability of these various schemes it would be possible to make progress in the same way as Japan and Korea had done.

Mr R. G. TIWARI, India, said that Congress provided the occasion for a review and reassessment of the performance, problems and prospects of the co-operative movement. It also provided the occasion for reaffirming the faith of co-operators and for rededicating themselves to the cause of Co-operation, and through it to the service of the under-privileged, the poor and backward communities.

Co-operatives were now universally accepted as a powerful instrument for social and economic transformation, and it was precisely for this reason that there was a wide application of co-operative principles and a co-operative approach to problems aiming at quick changes in socio-economic conditions. This had an added advantage, as it provided people with opportunities for active association in programmes designed for their own welfare, and also with a sense of dignity and fulfilment as they made their contribution to these programmes. This process was more marked in developing countries as they provided more congenial conditions for such application. Co-operation was thus making a very significant contribution to programmes

of production, marketing and distribution—the trinity of any healthy economic enterprise.

The Prime Minister of India had rightly said that she knew of no other instrument so powerful and full of social purpose as Co-operation, and hopefully desired that the healthy growth of the co-operative movement in India might continue so that it became a real people's movement dedicated to the service of man—specifically the poorest and most backward sections of the community.

What was true of India might also be true of other developing countries with minor local variations and minor differences in the socio-economic order. Co-operatives in these countries had an historic role to play being vitally linked with economic prosperity and the well-being of the people living in those countries. Co-operatives must succeed in the interests of the people in developing countries. The assistance, help and technical knowledge received from the ICA and its Regional Office must be acknowledged. Thanks must be given to the co-operative movements of the developed countries for their interest in and appreciation of the problems of Indian co-operators and for their positive contribution towards the healthy and purposeful growth of the co-operatives in developing countries, so that they might become an effective instrument of service to the people. Co-operators in India had benefited immensely from the scientific studies, knowledge and advanced technology which the movements in the developed countries had acquired by their experience and sustained effort. Hundreds and thousands of co-operators had availed themselves of the opportunities provided by

the training institutes of the USSR, the German Democratic Republic, the United Kingdom, Sweden and other countries. They had been enabled to acquire the knowledge to run co-operatives more efficiently in their respective countries.

These contacts had led to further co-operative joint ventures and collaboration. The Indian Farmers' Fertiliser Co-operative stood permanently as a symbol of friendship, goodwill and understanding between thousands and thousands of co-operators in India and the United States. There had also been collaboration between co-operatives in India and the German Democratic Republic in the field of fruit processing. Such ventures were not only desirable on economic grounds but also on those of human considerations leading to greater understanding and goodwill. Such joint ventures with the co-operatives of developed countries would always be welcomed by Indian co-operators in the future. For their part Indian co-operators offered the knowledge and experience gained by them through a long period of work in the field of Co-operation, to whatever use it could be put by developing and developed countries of the world.

Indian co-operatives were involved in several sectors of the development programme. This was made possible by the amount of understanding between the governmental bodies and the co-operatives in India. The fact that the Minister in charge of Co-operation could snatch some time out of his busy schedule and associate himself with the Congress and its deliberations was an indication of the interest the Government of India had been taking in co-operative activities.

The co-operatives of India had not

only expanded immensely, they also had a record of wide diversification. There was not an area of economic interest in which Indian co-operatives were not involved. Agricultural credit was the mainstay. The co-operatives were meeting about 40 per cent of the total agricultural credit needed. It was an acknowledged agency in the programme of production which had recorded appreciable growth in recent times. Through the network of co-operative marketing, co-operatives were responsible for the distribution of 60 per cent of chemical fertiliser and other agricultural goods to the Indian farmers. They also functioned as catalytic agencies for the implementation of support price procurement and the processing policy of the Government.

The sugar co-operatives in India accounted for almost 50 per cent of sugar production, and the dairy co-operatives had earned a name internationally by virtue of their achievements. There were other co-operative societies dealing with housing, handicrafts, industry and fisheries. Last but not least were consumer co-operatives. Though of recent growth they were looking after the equitable distribution of essential goods in urban and rural areas and they had been encouraged to become involved in the production of essential consumer goods.

The purpose of giving some rough details of the size and functions of co-operatives in India was to inform delegates of the size of problems that Indian co-operators faced and to request those present to continue their interest and to draw up suitable work programmes for India and other developing countries in Asia, Africa and Latin America.

The developing countries were engaged in the colossal task of improving the socio-economic life of their people and of building a social order based on equality and fair opportunity for all, irrespective of sex, social or religious convictions. Co-operatives associated themselves with this process. Indian co-operators aimed at peace, progress, prosperity and solidarity and therefore interested themselves in the matter of global peace as outlined in the ICA Resolution on peace. There was potentiality for progress and there were also resources and the time was not far off when the prosperity of the Indian people would be achieved. Indian co-operators had joined hands in this process and were making a significant contribution. In this task they continued to seek help and guidance from this enlightened and distinguished gathering.

Mr M. MARIK, Czechoslovakia, said that the efforts of the working party which had drafted the long-term programme deserved appreciation. It was difficult to set up a long-term programme for an international organisation which grouped together members from different social and economic systems and with different political ideals. Therefore the programme had to be a compromise reflecting the desire to find a consensus, and could not satisfy all the member organisations.

The authors had defined it as an open document which would be supplemented and adapted to new conditions. However, a great deal of attention had to be paid to some of the problems. It would have been better if the document had used a more precise terminology. It was essential to define the nature of the ties between the state and the co-operative

movement, because these ties determined the position and the function of the movement in society. The opinion was shared by all that the co-operative movement must give assistance to the forces wishing to remove capitalist exploitation. It was the duty of the ICA and of the co-operative membership to struggle against domination and pressure from monopolies. This had been stressed in a number of resolutions of the ICA. It would be difficult to work concretely if co-operators only wished to eliminate inequalities and did not devote their efforts to removing the roots of these inequalities, and if they did not attempt to bring about relationships which would in turn lead to a progressive economic and social system.

The co-operative movement in Czechoslovakia fully understood the aims and needs of the Alliance. Within the framework of its abilities the movement attempted to support the aims of the ICA, participating in implementing the tasks of the Co-operative Development Decade and, in particular, in assisting in the training of cadres from the developing countries of Asia, Africa and Latin America. During the last four years approximately 10 million Czechoslovak krona had been spent on the training of co-operators from developing countries. This activity would be expanded in the future in order to support the aims of the Alliance.

REPLY TO THE DEBATE ON THE PROGRAMME OF WORK 1977-1980

In summing up the discussions, the DIRECTOR of the ICA, Dr S. K. Saxena, said that he would summarise groups of areas, of subjects, which had been presented by the various speakers

and not reply to individual comments.

Comments had given the ICA a great deal of food for thought. The suggested work programme would be amended appropriately after assessing the consensus of Congress. It would then go back to the Executive Committee for its implementation. The programme should not be cast in so rigid a mould that it could not respond to immediate changing situations.

A great deal of emphasis had been laid on the fact that the ICA was a service organisation and that it should assist the national movements. This was, of course, strictly in keeping with co-operative principles, where the organisation was serving its masters who were its members. A couple of major points had been made in this connection. One had related to the ICA's efforts in arranging for the exchange of experiences in a wide variety of fields—technical meetings, seminars and so on. A fairly comprehensive mechanism for this purpose existed at present within the Alliance, although perhaps some rationalisation might be necessary here and there.

The second point within this area of discussion related to the information which was available to the Alliance, in response to which it had formulated its programme. The process of constant monitoring had been mentioned because it was only in this way that the Alliance could be informed of the topicality of problems which were to be discussed or further discussed at various meetings of the ICA. One suggested approach in the paper was the creation of national committees, but this did not mean the creation of a plethora of institutions. There were perhaps already too

many in existence. It was really the concept of a unified source at the national level which could keep the Alliance informed of the urgency and the nature of problems which the national movement actually faced.

Additionally, there were a number of hardy perennials which the Alliance continued to study from time to time. Information on these subjects needed to be collected, classified, interpreted and disseminated to the member organisations of the ICA: legislation on co-operatives, aspects of relations of the co-operative movement to the government, problems of taxation, multinationals, structural reforms, and so on; these were all matters which inhibited the operations of the co-operative movement. The Report contained a tentative list of these subjects which should be constantly monitored. The list was bound to decline in importance as time went on, but new issues would emerge to take their place. Therefore, the information coming from member organisations would help the ICA to up-date the areas which required constant study and discussion. These comments related to yesterday's and the morning's debate.

The second part of the debate had emphasised the universality and solidarity of the movement consistent with increasing specialisation. There were two or three points to be made on this. There were, of course, different parts of the world where the spread of ICA membership was extremely thin. It was thus a question of getting the ICA known through information media and through contacts the ICA had, such as UN personnel. They had been doing an excellent job in making the ICA known in different parts of the world. But it had

to be said, as the President of the Alliance had repeatedly emphasised, that it was not quantity but quality which should govern the ICA in this respect.

The Executive Committee of the ICA had to continue to apply stringent tests, as laid down in its constitution, before a new organisation was admitted to membership of the Alliance. This was never an easy task.

Another part of the debate had related to the work of the auxiliary committees of the ICA, because that was the process through which the Alliance was seeking to specialise in terms of its activities. Delegates were familiar with their work, as they were mentioned during the debate. Not much more needed to be said about them. But it was important to recognise that the definition of an expert, knowing more and more about less and less, was both important and also somewhat dangerous in terms of the interdependent nature of many of the world's contemporary problems. These were some of the issues, but there were others which did not respect the traditional frontiers. By instituting a meeting of chairmen and secretaries of auxiliaries it should be possible to bring the strength of the entire co-operative movement to bear on a topical problem. Any number of them had to be faced. There were also varying degrees of closeness between the ICA Secretariat and the various auxiliary committees. More had to be done from the Secretariat's point of view in this respect. However, the structure of the auxiliary committees was not uniform and therefore it was not possible to devise a general pattern for what was at present a fairly diverse structure.

Regionalisation had been mentioned.

As and when necessary extensions of the auxiliary committees in different parts of the world should be created. There existed already an extension in the case of agriculture and fisheries in South-East Asia. There were some discussions of a similar nature, although in a different field, concerning East Africa. But before this was done the ICA must ensure that the need for such an extension existed; that existing structures, unless there were special reasons to the contrary, were respected, and that the extension was welcome and satisfied a genuinely felt need in the region concerned.

The other aspect of regionalisation related to the persistent demand for ICA's presence in West Africa, the Middle East and perhaps in Latin America. That these areas needed help from the international fraternity was too obvious to repeat. The Director, therefore, wished to express his appreciation to the Minister of State for Co-operation (India), Mr George, and to the various speakers from West Africa for their support, actual or promised, and their passionate advocacy of this cause. In the case of West Africa matters seemed to be moving satisfactorily. The Executive Committee was discussing the possibility of sending out a mission to West Africa to study some of these aspects. There were a number of prerequisites which needed careful consideration and the offers of help which had been made had been noted. These were, of course, most welcome, simply because the ICA itself had a rather miserable budget as everybody knew.

The efforts of all the auxiliary committees and their contributions in various ways were greatly appreciated. The contribution to be made by the

Banking Committee to the Thrift and Credit Conference to be held in Rio in April 1977 was especially appreciated. The International Liaison Committee which was organising the Conference performed a useful function in that it made it possible for the ICA to have contact with a large number of thrift and credit institutions, many of which were not within its membership.

It also had to be appreciated that the international co-operative financial institutions in the advanced countries were working in a highly competitive environment and did not have limitless funds for transfer to developing countries. But there was in these financial institutions another possibility. A wide ranging expertise was available. Looking at the recent World Bank sector policy paper there was a great possibility of a liaison between the banking institutions in the co-operative movement and the World Bank. This was an idea which ought to be explored and studied much more carefully. In these discussions the assistance of the co-operative finance people would be needed.

The second point in this connection concerned the international inter-lending programme which was currently under discussion and for which the Canadian International Development Agency (CIDA) had given a certain amount of money to carry out feasibility studies under the offices of the Joint Committee for the Promotion of Aid to Co-operatives (COPAC).

Passing on to agriculture, on which some very precise comments had been made by Mr Stevenson of the FAO and from Mr Kaminski of Poland, the Director informed Congress that discussions were taking place with the FAO.

Within the context of their recent policy on field projects yielding quick results, one would hope these would be successful. The trickling down effect referred to earlier had revealed many leakages, but the dilemma for an international organisation like the ICA was that it might create small, isolated projects which were useful in themselves but made no major dent in the policy decisions of the governments concerned. Nevertheless Mr Stevenson's point was very well taken in terms of an integrated rural development programme and the orientation of efforts towards increased production. These would be increasingly reflected in the work of the ICA Regional Offices in South-East Asia and East Africa.

Mr Kaminski had made some worthwhile comments. He had mentioned the assistance to agricultural co-operatives through a broad exchange of information and the help in food production by arranging for the training of experts and the exchange of scientific know-how. The Agricultural Committee had been re-constituted and discussions would take place with the new chairman as soon as possible with regard to setting specific priorities.

There was also the wider question of the representation of various sectors within the power structure of the Alliance itself. We were conditioned by our history, as somebody had said, but it could be said to some extent that we were moving away from our history in keeping with the changes of modern times.

Mr Morsink from the United Nations said that there was a great deal of re-thinking taking place within the Economic and Social Council on the role of

co-operatives. The background to this was well known. It started with the research studies which had been carried out by the United Nations Research Institute for Social Development in Geneva. The ICA had strongly contested the findings of those studies, not because it was scared of criticism but because it regarded the methodology as faulty. But ICA's response to the request from the Secretary General of the United Nations as contained in the document, to which he had made reference, was very positive. Mr Morsink had already mentioned that the Alliance would be mounting an expert consultation at the highest possible level in terms of intellectual sophistication on the subject of co-operatives and the rural poor. But one comment had to be made here. A distinction had to be made between co-operative effort and rehabilitation finance. Rehabilitation finance was the responsibility of the government, and to that the co-operative movement was prepared to add its mind, its experience, and sometimes even its mistakes. This was an important distinction which must be kept in mind.

There had been interventions about finance from Mr Søiland, Mr Thedin and other delegates. The *ad hoc* finance group would meet in November to look at the whole range of questions which affected the ICA from the financial point of view. Perhaps a "basket" of currencies needed to be created for establishing the subscription currency of the ICA. Perhaps some indexing schemes were needed. Perhaps much stricter monitoring was needed so that member organisations were always paying their proper dues. Above all, the staff in the Secretariat had to be introspective in seeing

that their own efforts were relevant to the needs of the movement. But if the situation was not sorted out, the whole discussion would have been a waste. The reasons why and when the ICA got a confluence of positive factors for its work were not easy to understand. However, there was now evidence of a resurgence of interest and even a faith in international people's organisations, and the ICA must not falter.

The PRESIDENT then asked Congress to vote on the Resolution submitted by the Central Committee. **The Resolution was carried unanimously.**

RESOLUTION ON ICA's PROGRAMME OF WORK (1977-80)

The 26th Congress of the International Co-operative Alliance:

RECALLS the suggestion made at the 25th Congress for a long term programme of work to be drawn up;

EMPHASISES the primary importance of better planning, co-ordination, careful forecasting and control of the activities of ICA and its affiliated organisations;

RECOGNISES the complexity in the formulation of the programme and the importance of the need to interpret it flexibly;

NOTES THAT

- (a) co-operatives must be helped to achieve increased efficiency in their economic operations through carefully devised programmes of education and management training, research, inter-co-operative collaboration and structural reforms;
- (b) effective publicity, extending ICA membership projection of ICA's image as an efficient organisation, and close coordination with Auxiliary Committees are all very necessary;
- (c) much has been achieved under the pro-

gramme of the Co-operative Development Decade but that much more needs to be done in providing assistance to movements in developing countries directly and in collaboration with the United Nations and its specialised agencies;

- (d) the vital pre-condition for the execution of all these tasks is the strengthening of the ICA Secretariat;

ADOPTS the programme as formulated in the document "ICA's Programme of Work

1977-1980" as amended by Congress;

UNDERLINES that the implementation of this programme necessitates increased resources and calls upon the Central Committee to outline within one year the responsibilities of members in implementation of the programme;

ASKS that regular reports be made to the Executive and Central Committees of the Alliance and a final report be presented to Congress in 1980.

Collaboration between Co-operatives

Collaboration between co-operatives has been one of the major objectives of the International Co-operative Alliance since its inception over 80 years ago. When the ICA Commission on Co-operative Principles reported in 1966 it proposed that collaboration between co-operatives should be proclaimed a basic principle of the movement and this proposal was approved at the 23rd Congress of the Alliance held in that year in Vienna. The same Congress approved a report on structural changes which was concerned with the development of closer collaboration between primary and federal co-operatives in national movements. The ICA paper on "Multinational Corporations and the International Co-operative Movement: Financial and Managerial Imperatives" prepared for the ICA Congress in Warsaw in 1972 discussed the need for even closer collaboration between co-operatives in face of the growing power of large companies.

Collaboration between co-operatives was further discussed at the meetings of the ICA Central Committee in 1973 and 1974, when it was recommended that a Working Party on "Collaboration between Co-operatives" should be set up by the ICA Executive Committee to give further consideration to the matter.

The paper presented by the Working Party approached the subject from the point of view of:

- collaboration at national level to form wholesale and other federal societies for a common purpose;
- collaboration between consumer, producer, agricultural and other co-operatives in the field of trade and production;
- collaboration between the national movements of different countries with special attention to inter-cooperative trade;
- financial collaboration between national movements, often through international co-operative agencies;
- exchange of experience and knowledge through national consultation, education and instruction;
- more effective collaboration with other organisations at national and international levels.

REPORT ON COLLABORATION BETWEEN CO-OPERATIVES

Mr A. P. KLIMOV, Vice-President of the ICA, introducing the Report stated that it was both timely and useful to discuss the question of collaboration between co-operatives, for such discussion responded to the urgent requirements of today.

International collaboration between co-operatives also represented a contribution towards the implementation of the resolutions of the Helsinki Conference. It served the development of mutual understanding between nations and countries and also the cause of peace and social progress. For those participating in the international co-operative movement, there was no loftier or nobler aim than the promotion of co-operative collaboration.

But co-operative collaboration was not merely collaboration between co-operatives of one or different kinds or between their unions at different levels, but also a relationship with the outside world, in the interests of the co-operative movement. It also provided the opportunity for contacts with similar and kindred movements, organisations and institutions. The development of the co-operative movement depended on such collaboration which constituted the very essence of Co-operation as a democratic mass organisation set up for mutual aid and relations among individuals. A co-operative organisation was only effective if it combined within its activities the interests and the aims of the individual with the interests and aims of society as a whole.

The Report was the result of almost two years' work of the Working Party whose members voiced points of view

which did not always coincide with those of the others. Therefore the Report was a document of compromise, but it fully expressed the idea and illustrated existing co-operative collaboration. Its recommendations would not only serve as an object for careful study, but also as a good basis for practical action in this field by national and international co-operative organisations. The development and intensifying of collaboration at all levels of the movement should correspond to the economic and social needs of co-operators, should promote the strengthening of the co-operative economy in the interests of members, and should contribute towards the elevation of the role and authority of Co-operation at national and international level.

In common with the other members of the Working Party, he had stressed the importance of inter-cooperative trade and international co-operative trade which were of vital importance to all co-operative organisations. Their promotion facilitated commercial activities of consumer, supply and marketing co-operatives, widened the opportunities for co-operative production, helped to increase employment and to lower the prices of goods, and helped co-operatives to enlarge their role in protecting the economic and social interests of the ordinary people. International co-operative trade was also an important factor of co-operative development in developing countries. It was a contribution to the development of economic contacts between countries. It helped to raise the standard of living of the people and made a contribution towards mutual understanding, confidence and collaboration between people and states.

However the development of international trade, including co-operative trade, met obstacles of a political character, customs barriers and other difficulties connected with the existence of closed economic groupings and the domination by cartels and monopolies of the world market. The ICA and national movements should insist that governments abolish restrictive practices which hampered the promotion of free trade between countries.

The Alliance had in its membership co-operatives of different types, from different countries with differing socio-economic systems. Each national movement had its own national experience and problems, its successes, difficulties and tasks and its own direction of developing collaboration. Therefore the document to be discussed ought to be regarded as a declaration of principle on collaboration and used as a guide for concrete action, while taking account of national conditions. It was in this that the value of the Report lay.

Each national and international organisation would be able to select from the document a suitable direction for itself and in addition draw on the experiences of other organisations. Soviet co-operators were always very interested to learn from the experience of co-operators in other countries and for this purpose co-operative experts had visited co-operative enterprises in many countries. Soviet co-operators were also prepared to share their experiences with co-operators from other countries.

In the Report an attempt had been made to show and even to generalise concrete experience of collaboration at national and international levels. It was undoubtedly a useful attempt, because

different countries and different socio-economic systems had their own peculiarities and traditions of co-operative structure. Even before the October Revolution in 1917, the national union in his country was the organisational, political, ideological and economic centre which also carried out the functions of a wholesale organisation supplying the retail trade and helping its development. The concentration of all functions in one central organisation had been justified and its expediency had never been doubted. This structure provided for good relations between the central organisation and the primary co-operatives and had enabled co-operators to play their part in the democratic decision-making process.

Co-operative organisations of the Western European countries, where a process of centralisation at national level was taking place, could learn useful lessons from the Soviet experience. A basic principle was adhered to in the Soviet Union which was that economic efficiency had to be combined with safeguarding the democratic rights of members.

Referring to collaboration and exchange of experience between co-operative organisations in Socialist countries, Mr Klimov referred to the regular meetings of the leaders of central co-operative organisations of member countries of COMECON which discussed and adopted five-year plans of economic, scientific and technical collaboration. These plans dealt with rationalisation of retail trade, purchasing and foreign trade activities, the study of methods of management; the scientific organisation of labour; training, research, exchange of information and documentation and joint inter-

national initiatives and activities. The five-year plan for the period 1976-1980 covered a wide programme of work to be carried out by co-operators of seven countries. Working groups had been set up to study specific aspects and seminars and conferences and symposia for specialists from this group of countries had been organised. Foreign trade relations between the different countries had been promoted over the past 20 years. Long-term trade relations would be developed in future not only with socialist countries but, it was also hoped, with capitalist and developing countries.

The experience of developing collaboration between the socialist countries on a planned, systematic and long-term basis was of interest to co-operators of other countries. They would be welcome to acquaint themselves with this experience.

In the document under discussion mention had been made of possible collaboration of co-operatives with capitalist institutions and enterprises. Co-operators of socialist countries understood well enough that co-operatives of capitalist countries could not conduct their activities in a vacuum. They were part and parcel of the economies of their countries. Co-operators in the socialist countries, however, watched with great alarm the development of increased collaboration of certain co-operative organisations in the West with private capitalist enterprises, including monopolistic enterprises. Trying to justify this trend, some co-operative leaders asserted that such collaboration provided opportunities to use "co-operative influence" on the private capitalist sector

and to teach it co-operative ideas and principles.

It had, however, been demonstrated that such collaboration, which brought only temporary and insignificant benefits, undermined the principles of Co-operation and led to a striving only for profit. In attempting to survive at any price in the competitive struggle, at the same time waiving genuine co-operative ideals and principles, co-operatives degenerated and were sometimes ruined. The tragic experience of certain co-operative movements bore witness to this.

An alternative, and the most proper solution to the problem, was to strengthen the economic potential of co-operatives in capitalist countries through the promotion of collaboration between co-operatives at all levels, thus uniting the efforts of co-operators in their struggle against the domination of monopolies for the democratisation of economic and political life by the adoption of legislation limiting the activities of monopolies and by the establishment of economic conditions favourable to the development of co-operatives.

This struggle on the part of the co-operative movements could only be effective if it was linked with the activities of other democratic movements having similar tasks, such as trade unions and political parties acting in the interests of the people.

Mr Klimov called on the participants of Congress and their organisations to devote their activities to these tasks and to the promotion of collaboration which not only in words but in deeds served the cause of social progress, democracy and peace.

Sixth Session

Thursday, 30th September 1976
(afternoon)

The GENERAL SECRETARY announced that 19 nominations had been received for 13 places on the Executive Committee. A separate election would be held for the President and the two Vice-Presidents.

REPORT ON COLLABORATION BETWEEN CO-OPERATIVES (cont.)

Mr L. A. HARRISON, Chairman of the Working Party on Collaboration between Co-operatives, stated that collaboration between co-operatives had been recognised as an inherent need by generations of co-operators before it had been proclaimed a basic co-operative principle. It was indeed part of the very nature of co-operative activity. As the ICA Commission on Co-operative Principles commented:

“Such working together implies not merely the loyal collaboration, within their unions and federations, of co-operatives of a given type, but also closer and more helpful relationships between co-operatives of different types on every level where this is practicable.”

The establishment of “more intimate and comprehensive inter-cooperative relations” had been the main aim of the ICA throughout the 81 years of its existence—an aim which called upon the united effort of all co-operative institutions at local, regional, national and international levels, whether they be consumer, agricultural, fishery, workers’ productive, housing, credit, banking or insurance co-operatives.

The motivating force of the central

aim had meant that the ICA had grown from a small grouping into the vast organisation it was today, one which embraced 166 co-operative organisations in 66 countries with a total membership of 326 millions.

Further, the Commission had recognised that these Co-operative Principles “support and reinforce each other”, and also that the co-operative movement needed to “concentrate its power in larger units by applying consistently without restriction, from the local to the international plane, the principle of Co-operation among co-operatives to make its greatness manifest and to act successfully against the monopolies”.

Competition from large scale capitalist organisations, not only in the home markets, but also on the international scene, was becoming more formidable. That was why the co-operative movement had to match this growing competition, collaborate to make itself more technically efficient, more integrated, more co-operative. The theme of collaboration between co-operatives was both urgent and challenging.

Mr Harrison pointed out that his approach in introducing this Report to Congress was to be suggestive rather than dogmatic, and to indicate a number of the more important issues in the hope that contributors to the discussion would bring forward experiences and quote examples which they thought would take the debate on collaboration forward, and result in further practical steps to be taken.

Referring to collaboration in trade, he said that in Sweden the centralisation of buying, with assortment policies determined by collaboration between Kooperativa Förbundet and the retail

societies, had achieved important economies and a distinctive marketing approach which had established the consumer co-operative movement as the main leader in retailing in that country. In the United Kingdom, retail societies purchased something like 70 per cent of their requirements through the Co-operative Wholesale Society, and in Norway 50 per cent had been achieved.

Although collaboration did not necessarily imply merger, closer collaboration in the use of co-operative resources, both physical and financial, did often result in structural reform and formal merger, competitive necessity being the main motivating factor.

In Denmark the merger of FDB and the HB Society in Copenhagen had resulted in close relations being established between FDB and the very considerable number of 'B' societies and even closer relations with the 'A' societies. Important steps towards collaboration and integration were being taken in the Federal Republic of Germany, where there had been reorganisation and centralisation, and in Austria where plans for the integration by merger of the Konsumverband with the wholesale society and the retail societies were well advanced.

In the United Kingdom and in Sweden, the possibility of establishing a single national society had been discussed. But the major issue which was at present being debated in the British movement was whether a single national federation, which had proved so successful in Sweden, would be established. Such a move would mean that the Co-operative Wholesale Society and the Co-operative Union would merge and combine their functions.

The trend towards closer collaboration and amalgamation, noted in Vienna ten years ago, had continued in the agricultural co-operative movement as well as in the consumer co-operative movement. One recent example of a successful and important merger in the agricultural movement had taken place in Poland, where the dairy co-operatives and the Central Agricultural Union had merged. In the USA the big agricultural co-operatives collaborated between themselves to export their products; their supply relations with the big supermarket chains were developing, as indeed were their trade relations with the multinational corporations. In Japan important economies had already been achieved through the amalgamation of the purchasing and marketing co-operatives to form Zen-noh. Economies had also been achieved in the past five years from the merger of the agricultural co-operative movement with the Swedish Farmers' Union.

Collaboration was infinite in its variety of forms. In the UK the development of regional warehousing in the late sixties, and the merger in 1973 of the CWS with the Scottish Co-operative Society, had assisted the processes of procurement and integration. NORMID, a retail marketing group with a purchasing power of £400 million, was a successful example of local collaboration in both procurement and marketing. These examples from Britain undoubtedly had an important bearing on the increase in the movement's share of retail trade in recent years. Freedom of retail societies in Finland to buy direct from manufacturers was said to act as a spur to the wholesalers to operate more efficiently. In France the consumer movement had

made impressive progress in spite of the competition from big hypermarkets, which was tougher than it was from the supermarkets and smaller shops ten years ago. In Western Europe in the next few years it was hoped to see closer collaboration between agricultural and consumer co-operatives in food distribution. International comparisons of the extent of such collaboration—certainly of the experiences in Eastern Europe—would be helpful.

The ICA, as an international organisation, was perhaps primarily concerned with collaboration between co-operatives at the international level. Here the outstanding achievement was the close collaboration of Nordisk Andelsforbund and INTER-COOP.

Mr Harrison then posed the question whether the initiative taken by consumer co-operatives in these organisations would encourage prospects for further joint co-operative development and the growth of inter-cooperative trade collaboration between the Western European and Eastern European co-operative movements.

Progress in collaboration between co-operatives in Europe and co-operative supply organisations in the developing countries would also be welcomed. Ten years ago a comprehensive survey of co-operative trade prospects in South East Asia had been undertaken. Since then the International Co-operative Trade Organisation had been established in Singapore, with the object of providing co-operative organisations with market information on products of interest to them and also to assist in buying and selling. The Japanese-Thai Feed-grains Agreement had now existed for over ten years. The Indian Fertiliser

project was progressing. Co-operative trade in Africa and Latin America was developing.

Talking about collaboration of co-operatives with governments, Mr Harrison pointed out that co-operatives needed the support of governments to make it easier for new co-operative ventures to be established, especially in the developing countries. Governments were introducing legislation on social issues which co-operative movements had espoused for many years, such as the environment, pollution, consumer protection and overseas co-operative development. Governmental support in the form of loans to the various types of co-operative enterprise was required—in the development of agricultural and fisheries co-operatives, producer co-operatives, and credit unions, in retail distribution and in the United Kingdom for the establishment of a Co-operative Development Agency. In Eastern Europe co-operative and governmental collaboration was close.

Governments in recent times had given financial support to various types of producer co-operative, such as the Meriden co-operative and the co-operative at Kirby near Liverpool in the UK. Both co-operatives had been established with government support after the privately-owned companies had gone bankrupt. In the United States a Bill was under consideration for the establishment of a National Consumer Co-operative Bank with finance coming mainly from federal sources: the Bill would allow for loans up to \$250 million a year for four years. It was envisaged that a consumer co-operative banking system would be developed, similar to the Farm Credit System with its banks for co-

operatives which was first launched some sixty years ago. The banks were now wholly owned by farmers because the money borrowed from the government had been fully repaid.

Support was being given by government agencies in a number of countries for aid to co-operatives in developing countries. The Ministry of Overseas Development of the UK had recently approved financial support of a study on industrial co-operatives in developing countries to be carried out by the ICA. In Hungary, for instance, the industrial and consumer co-operatives had lent their support to the promotion of co-operatives in developing countries. In most countries governments recognised the contribution co-operatives could make to the economic and social development of a particular country.

Practical collaboration existed in a number of countries between co-operatives and trade unions. In Sweden in the field of co-operative insurance and travel, in Finland in the field of research and in the Federal Republic of Germany trade unions were associated with the consumer co-operatives. Such collaboration also existed in developing countries, and at the international level closer collaboration was being established between the ICA and the international trade union organisations on discussions of such problems as the multinational corporations.

Collaboration between the ICA and the United Nations agencies and with a number of international non-governmental organisations continued to be close. Such collaboration was important because it enabled the co-operative point of view to be stated at conferences

and seminars of these agencies and organisations.

Commercial collaboration between co-operatives and companies was developing as co-operative trade grew. Joint ventures between co-operative societies and private enterprise had led to the establishment of large-scale productive enterprises. Co-operatives, however, were strongly opposed to monopoly and the domination of world markets by multinational corporations because their practices affected supplies and prices. The record of the Swedish consumer co-operative movement in breaking monopolies was well known.

International collaboration in the field of finance was carried out through collaboration between the ICA Banking Committee, the World Council of Credit Unions and the International Liaison Committee. "International Financing of Co-operative Enterprises in Developing Countries" was one of the subjects discussed at the Third International Conference on Co-operative Thrift and Credit held in London in 1974.

The Report of the Working Party called for increased collaboration between all kinds of co-operatives, and for the Central Committee to seek ways and means of extending such collaboration and of implementing the sixth Co-operative Principle. There was certainly room for closer collaboration between different kinds of co-operatives in many countries, and a need for closer collaboration to help co-operatives to compete more effectively with the multinationals.

Because international co-operative organisations were relatively few they did not match the scale of operations of the multinational corporations, and a great deal of work had still to be done to in-

crease the number of such organisations and the resources of those already operating. Nevertheless the International Co-operative Petroleum Association had shown that a co-operative could operate on a fully international basis. The Swedish oil co-operatives (O.K.) were exploring the possibility of extending their international operations. The new International Energy Co-operative was also expanding its activities.

The International Organisation for Consumer Co-operative Distributive Trades—INTER-COOP—which had in its membership consumer co-operative central organisations in West and East European countries as well as in Israel and Japan, stood as an outstanding example of what could be done through collaboration. INTER-COOP had been instrumental in developing trade between co-operatives and in furthering co-operative thought and practice on retail problems through its working groups, such as those on Food Stores, Department Stores and Shopping Centres, and Warehousing and Distribution. It was hoped that, following Congress, more retail societies' representatives would be brought closer to its work generally and more particularly become involved in the activities of the working groups.

Summing up, Mr Harrison pointed out that the Report asked for collaboration between co-operatives at all levels to grow and develop. This could often be done without structural change, although it had been recognised that collaboration often led to integration and structural change. In essence collaboration meant the adoption by co-operatives of a Good Neighbour Policy to each other. How else could increased trade

opportunities be sought, joint ventures developed, exchange visits increased, communications improved, the exchange of publications increased, collaboration between co-operative organisations and academic institutions on research into the ways and means of extending collaboration between co-operatives fostered, without this approach being made manifest in practical ways? The proposal asked for ways and means for the ICA Central Committee further to extend collaboration between co-operatives, such as through conferences and seminars.

Secondly, because of the growing strength and competitive power of multinational companies, the Report favoured closer forms of integration to be developed as outlined in the ICA Resolution on Multinational Corporations adopted by the Warsaw Congress.

The motion on Collaboration between Co-operatives was a very important one. It would feature prominently in making the ICA's programme of work a success. Increased collaboration would make a signal contribution to the strengthening of the co-operative movement throughout the world. It would assist co-operators to make their contribution to the New International Economic Order, towards which the developing countries were asking for more positive and more authoritative action.

DEBATE ON COLLABORATION BETWEEN CO-OPERATIVES

Mr M. SPRECHER, USA, told Congress that he was a farmer producer belonging to the most efficient group of farmers in the world. This had been proved by the amount of grain the group

had been able to export throughout the world.

Land O'Lakes Incorporated, the large regional co-operative with headquarters in Minneapolis, originated in a small way. With a borrowed typewriter and hardly enough money to open a bank account it was launched in 1921. At first it was a dairy co-operative specialising in butter manufacturing and marketing. Through a series of mergers and acquisitions, accompanied by a well-devised plan for internal growth, it now had sales of one billion two hundred million dollars and savings of thirty-four million dollars. It had blossomed into one of the larger co-operative enterprises in America and was on the way to becoming one of the nation's leading food concerns.

Land O'Lakes had long ceased to be a butter organisation. It was now diversified in both agricultural services and in food processing and marketing. It provided nearly all of the agricultural inputs and the broad range of goods that farmers needed to grow crops and rear poultry and livestock. It produced and sold over 600 varieties of food products. To serve this agricultural variety, Land O'Lakes became diversified so that it could absorb the shock of those inevitable years when product prices moved up and down in the economic cycle responding to supply and demand, or reacting to the influence of other economic factors.

Delegates might wonder why his organisation found it necessary to work with other co-operatives. The answer to that question was easy. Land O'Lakes believed in the broad meaning of the word "co-operation". Where there were social and economic advantages, it was decided to work with other co-operatives

by forming inter-regional co-operatives or by working jointly in a mutual effort. An inter-regional was an organisation of regional co-operatives such as Land O'Lakes which joined together to accomplish a specific task. They, investing together, were able to purchase extremely expensive facilities that one co-operative might not be able to afford. The major advantage accruing from joint ventures was that economy of size was assured. When the members pooled capital, they could build or buy facilities large enough to be competitive, to keep unit costs down and to produce in large quantities because of the market potential provided by the regional co-operative member owners.

Land O'Lakes had also been involved at state and national level with other co-operatives in education, member relations and governmental affairs. When inter-regional organisations were developed, two additional benefits were frequently obtained: first, the regional co-operatives' management was freed to run the regional co-operative. Management of inter-regional facilities was delegated to professionals specifically trained in these kinds of operations. Secondly, regional co-operatives spread the capital risk that was naturally present in large manufacturing investments.

These were some of the things regional co-operatives were doing together. Seventeen regional co-operatives in the United States and two in Canada had organised C. F. Industries, one of America's largest fertiliser companies. The economy of size became very apparent when examining C.F.'s production figures. The organisation owned four anhydrous ammonia plants in Louisiana, three in other locations across the

United States and two new ones in Canada. Many of these plants had been in production for some time. Additional ones were coming on stream next year. By 1977, total production capacity would be 2,085,000 tons of anhydrous ammonia a year.

Production figures in phosphate were equally impressive. Two plants owned in Florida mined and processed 1,265,000 tons of acid P_2O_5 per year. Through ownership in potash mines in Canada and exclusive contracts elsewhere, C.F. Industries produced 1,900,000 tons of potash each year for its membership. Transportation and storage facilities were also part of the system. The organisation owned nineteen anhydrous ammonia terminals, nine UAN solution tanks and five strategically located warehouses for dry products, plus innumerable barges, tow boats and a long-term contract on a pipeline.

Twenty-five co-operatives owned a large farm supply organisation, called Universal Co-operatives. Through this organisation, mass purchases of products like twine, tyres, automotive supplies and a multitude of other products permitted price breaks for its member owners.

In 1970 ownership in a refinery in one of America's plain states had been acquired. It served adequately as a reliable source of petroleum products for co-operatives and their farmer owners, but with the energy crisis it had become increasingly evident that this ownership was not broad enough. Nine regional co-operatives had recently purchased a large refinery on the edge of Chicago. It was presently processing 140,000 barrels of crude oil per day. To back up its ownership of the two refineries, inter-

regional co-operatives had explored for crude oil in Egypt. All of these projects had become possible when regional co-operatives had recognised the value of pooling capital and sharing risks to accomplish tasks together.

Some time ago, a warehousing/transportation co-operative called AgFoods had been organised by regional co-operatives. The main purpose of this organisation was to reduce costs by developing a collecting point warehouse. Regional co-operatives, shipping on their own, often found they were sending products to the retailer in less than carload lots. By using a central warehouse for storage and reshipment, loads could be combined, mixing packages and transporting to the retail market in heavily populated areas.

Land O'Lakes, along with many other regional co-operatives in the United States, had made a substantial contribution several years ago to the development of the Indian Farmers' Fertilizer Co-operative. This had not been a commercial venture. It had been a contribution to help the farmers of India, working through their government and their co-operatives, to obtain fertiliser and thereby increase their agricultural output.

Land O'Lakes also marketed and processed soya beans. Many regional co-operatives were now working together to see what could be done in the international export market for the benefit of American farmers. Local co-operatives had long served the farmers as grain marketing units. Forty per cent of the grain produced in America was handled by co-operatives at collecting points. Twenty-five per cent of it was moved to the ports by co-operatives, but from

that point on co-operatives shipped a very limited amount of farmers' products into the export market. Much needed to be done in this area.

The time had come to ask what other ventures could be embarked upon together. Land O'Lakes had an almost missionary zeal for the family farm type of operation and was positive that co-operatives perpetuated that kind of ownership. Through inter-regional organisations, building facilities big enough to get the job done, it had been possible to bring real benefits to the farmer owners. As a diversified agricultural, food processing and marketing organisation, the farmers who owned Land O'Lakes obtained their reward. It added value to their products, it found markets for their products and the members reaped the benefits that derived through integration from the soil to the retail shelf. Whenever that mission could be accomplished better by working together with other similar organisations the possibilities would be evaluated and the necessary steps would be taken.

Mr K. F. GHYIA, India, said that collaboration between co-operatives had been realised in India in the Indian Farmers' Fertiliser Co-operative, IFFCO. Magnificent help and moral strength had been given to Indian farmers. They had also received subsidies and technical know-how.

Before this project had been started in India, people were often of the opinion that, although the co-operative movement could start credit societies, processing units and banking institutions, as well as some small industries, it could never handle a big project such as IFFCO. With the help and guidance of Mr F. Owen from the Cooperative

League of the USA, not only the physical facilities had been provided but also the moral strength and the needed inspiration. This aid from a developed nation to a developing country had to be greatly admired. Today IFFCO had a membership of about 26,000 village level co-operatives embracing 25 million farmers. This huge organisation on a co-operative basis was not only the biggest in India but perhaps the largest in Asia.

The Indian Prime Minister, Indira Gandhi, had great faith in the co-operative movement but had expressed doubts about such a big project. It was generally thought that huge plants required professional leadership not easily available in a country like India, but with a good team and with professional management it had been possible not only to inspire the Indian co-operative movement but also the movements in other developing countries.

Today the co-operative movement in India was involved in the activities of 95 per cent of the villages with a membership of over 36 million. It covered some 41 per cent of the rural population.

One of the fundamental principles of Co-operation was democracy. Co-operation could not exist without democracy or democracy without Co-operation. People in India believed in democracy. India was passing through a revolution at present and the co-operative method was being used as something unique. A new society should be formed in which no man could exploit another. That could be achieved through the co-operative movement.

When the Cooperative League of the USA became involved in collaboration with Indian co-operators they could not

have realised that this would lead to such developments. IFFCO today was one of the 20 top producers in India. There was now a project in Allahabad involving the expenditure of some 16,000 million rupees, which would be one of the ten largest projects in India once it started operations.

Collaboration between co-operative institutions on an international basis not only made it possible to start new projects, but it also helped to realise wider horizons, in the sense that one could think in terms of social and economic revolution and of solving the problems of society by means of Co-operation.

Mr CH. VEVERKA, France, said that it had been an excellent initiative on the part of the Executive Committee to suggest that the question of collaboration between co-operatives be put on the Agenda for Congress. The reports of Mr Klimov and Mr Harrison had enabled delegates to become aware of the necessity of developing and extending collaboration at this level. For ideological and for economic reasons co-operatives had to be strong enough to stand up against the concentration of multinational corporations. Only by concentrating their efforts would they be able to compete successfully with private capital.

The Report showed that the level of collaboration, either nationally or internationally, was not yet sufficient. On a national level the situation was different from country to country. It should be recognised that strength was only found in unity. Only by adhering closely to co-operative principles could co-operatives be really effective in their work.

It was necessary to extend collaboration between different types of co-operatives. First of all, however, the condi-

tions which made collaboration possible must be determined objectively. Agricultural co-operatives wished to give their members the best price for their produce, while consumer co-operatives wished to benefit the consumer by achieving the lowest prices for them. Great wisdom and a sense of reality were obviously needed in dealing with these problems. A *modus vivendi* had to be found and it was necessary to work together for the benefit of all the parties concerned. Through the use of new techniques of organisation and financing it would be possible to develop collaboration gradually.

In France there was hope that progress would be made in this field. A start had already been made, but in the international field the problem was much greater. From his own experience, he knew that international collaboration between co-operatives was a slow task. There had to be a proper exchange of information and experience so that suitable guidelines for the future could be drawn up.

Mr Veverka pointed out that he himself had contributed to some of the positive results achieved by INTER-COOP. But it was hoped to achieve better results in the field of merchandising and the dissemination of new techniques in the future. In the case of joint production on an international level certain difficulties had been encountered. Errors which had been made in the past must not be repeated. It must not happen again that enterprises were set up which were not able to adapt themselves to the problems facing them or which were too large for what was required. National co-operatives had first to agree on the aims they wished to pursue. Solutions must be

defined on the basis of this agreement. All those involved must then work together to achieve the objectives.

These were only moderate suggestions and possibly they did not correspond to the enormous expectations which might be drawn from the reports by Mr Klimov and Mr Harrison, but they were presented with a sincere desire for the success of collaboration on a national as well as on an international level. The two reports would certainly reinforce in the minds and hearts of all co-operators the desire to work together. That was the wish of the French co-operators. They were willing whenever possible to participate in the achievement of these aims, which corresponded to the interests of co-operators throughout the world.

Mr K. F. HARDING, Canada, stated that the Report referred to the very fine collaboration that had existed now for about six years between the Japanese co-operative movement and the fishermen's co-operative in Canada which he represented. This collaboration had been made possible through the Japanese organisation CoopTrade owned by the consumer co-operatives of Japan and with the assistance of the Hokkaido Federation of Fishery Co-operatives Associations, together with the Prince Rupert fishermen's co-operative in Canada. It had worked admirably. The Canadian fishermen's co-operative had supplied the needs of the Japanese, mainly herring roe. The trade had become very large indeed. Between 25 and 30 per cent of the co-operative's trade, dollar-wise, was with the Japanese group, which was a very significant thing.

The report had, however, incorrectly

stated that this collaboration had resulted in some investment in the plant in Canada by the Japanese group. This was not so. There had been collaboration in trade, but there had been no investment by the Japanese group. This might yet occur.

Mr R. RAMAEKERS, Belgium, felt sure that people outside the co-operative movement would be very surprised to see the subject of collaboration reappearing in some form or other on the agenda of ICA's events. But the problem of true collaboration between co-operatives was a very difficult one and there might be some need to look for the reasons impeding collaboration within the structure of the ICA. There could be a number of reasons for this, such as the structure being too close and co-operators being too absorbed in day-to-day matters. It might be necessary to try and relate more to the world outside in general and to the increasing perspectives which opened out in front of us.

Co-operatives must try to make an impact on the national and the international market. However deep ideological convictions and differences between co-operators might be, they should come together in the spirit of hope which drove people forward towards a new society.

Belgian co-operators faced up to these facts constantly. They favoured this kind of approach knowing that they could only maintain the movement by the simple concept "United we stand, divided we fall", a concept which might be applied to the entire co-operative movement.

Co-operators must recognise the dilemma facing them and the kind of strength they needed. They did not want

to build up a large co-operative movement without any real collaboration. Perhaps co-operators did not really recognise the full force of the structures they could utilise. There was a yawning gap between the apex organisations and the grassroots as co-operative organisations grew bigger and bigger. The elements of a new strength must be found in global co-operative projects, and by mobilising public opinion throughout the co-operative movement it could become a militant organisation, strong and firm in its ideas. This was an ambitious project and some might even ask whether it could be realised.

Mr Ramaekers said he now wished to underline some general tendencies, or some aspects of them, which could be of interest to all member organisations. The first was towards convergence in the various sectors, with unavoidable consequences for the co-operatives in each sector. The second was towards solidarity and using the complementary nature of the co-operative movement so that a suitable framework might be found. A compromise might be appropriate here with the help of the banking and insurance sectors. All co-operatives could contribute financially to the expansion of the movement as a whole, first locally, then nationally and internationally.

The third tendency was towards co-ordination between movements. Belgium was divided into two movements and in some other countries the situation was similar. Today there was greater collaboration between the two movements and it was hoped to reach unity one day.

The fourth tendency was on the international level. Belgian co-operators tried

to make their presence felt in all the committees of the ICA, especially with regard to insurance.

The fifth tendency, which affected and interested many co-operative movements, was towards collaboration with the private sector. It had been decided by his movement to collaborate with the private sector if the interests of Belgian consumers and co-operators demanded such collaboration and where a situation of oligopoly existed. This was true in Belgium with regard to distribution. The markets were dominated by four enterprises whose capital came partly or wholly from foreign sources. This had made it tremendously difficult for a new competitor to break into the market; in other words, there was a tremendous obstacle facing the co-operative movement. This obstacle had been overcome by getting capital from a source which dealt with both the French and Belgian distributors. It had also been stipulated that the co-operative movement could retire from the contract if it failed to produce results.

It was essential that the consumer should be kept fully informed of what he was buying and at what price. It was not possible to ask co-operators to take part in a formal sort of democracy if they had no power to affect decision-making. If they were given the opportunity to attend meetings and take part in long-term planning decisions, they must be in a position to say what choices should be made. The structural reform undertaken in Belgium was designed to make this easier. Co-operators had to be presented with choices which, though sometimes difficult, were far more exciting than the ritual rubber-stamping of decisions.

The Belgian Co-operative Insurance Society and the thrift and credit co-operatives were very strong and no one could say that the co-operative movement had been bought out by the private sector. It was buying out the private sector. If the money of Belgian co-operators was put into private companies, it was done for the betterment of the co-operative movement as a whole. It was therefore of the utmost importance that decisions regarding financial matters should be in the hands of co-operators.

Mr J. KUSTOW, Bulgaria, expressed the gratitude of Bulgarian co-operators to the Working Party for presenting the Report.

Experience showed that collaboration between co-operatives within a sector as well as between different types of co-operatives at national level was of very great importance, particularly in times of inflation and economic depression, in order to fight the competition of large companies and multinational corporations.

With regard to collaboration between co-operatives and private companies, Mr Kustow said provided that the co-operatives preserved their structure, character and independence, it was possible sometimes for such collaboration to be to the advantage of co-operatives. However, when making plans for development, co-operatives should not count on collaboration with monopolies. There existed deep-rooted fundamental contradictions, determined by the very essence of monopolies and co-operatives—contradictions which would show themselves sooner or later. In his opinion, the right way for development was closer and more effective collabora-

tion at national, regional and international level.

Such collaboration existed between the consumer and the agricultural producer co-operatives, members of the Central Co-operative Union, in Bulgaria. Collaboration between these co-operatives contributed largely to raising the standard of living of their members which was the ultimate aim of these basic economic organisations in rural areas. With joint financial and labour resources they promoted the building of shops, shopping centres, restaurants, kindergartens, sports facilities, cultural clubs, etc.

Close financial collaboration between co-operatives and the Central Co-operative Union was of great importance for the development and strengthening of co-operatives. Funds were being set aside by primary co-operatives, to be held by district co-operative unions and the central organisation, for granting interest-free credit to co-operatives for periods of one to ten years, to enable them to build new, reconstruct or modernise existing premises, thus providing almost 100 per cent self-financing of capital expenditure.

Collaboration between different types of co-operatives at national level, as well as support on the part of the State where possible, contributed considerably to their economic and financial stability. At the international level, inter-cooperative collaboration was very important in enabling co-operatives to compete more effectively with large private companies and multinational corporations.

Dr F. MOLNAR, Hungary, said that Hungarian co-operators believed that international collaboration between co-operatives should be many-sided and

serve progressive social, economic, scientific, technical and cultural aims. Such co-operative collaboration made a considerable contribution to the broadening of social and economic relations between countries and promoted the solution of important problems occupying mankind, such as peace, detente, mutual understanding and collaboration in different fields. As a result of the broadening of social and cultural collaboration, economic relations with other co-operative organisations in Hungary and those of other countries were being promoted.

Hungarian co-operators were in the first place interested in the development of external economic relations, as more than 40 per cent of the national income was attained through international economic relations. Economic relations with other co-operatives in Hungary and in other Socialist countries were improving steadily to the advantage of all concerned.

Mr Klimov, the President of Centrosoyus, in his address had drawn attention to the importance of collaboration and of the agreements concluded between co-operatives in the Socialist countries. Such collaboration based on mutual interests and advantages guaranteed security of economy and an increase in international trade. Along with an increase in the volume of trade between co-operatives in Socialist countries, favourable results had also been achieved in collaboration in exchanges of technical and scientific information, foreign trade, rationalisation of retail trade, purchasing, education and other important fields. Gradually economic collaboration between Hungarian co-operatives and those in capitalist countries were also improving, but much more needed to be done in this respect.

Apart from activities in the export field, collaboration for industrial and agricultural production had also greatly increased. "Co-operative weeks" organised in different countries had proved successful.

Hungarian co-operators supported those objectives dealing with the promotion of international trade and economic relations which served to strengthen the co-operative movements in developing countries. The widening of international economic relations was of mutual interest to the co-operative movements of all countries. Therefore it was of great importance for the Alliance and the individual co-operative movements to take joint action against international monopolies and fight for the abolition of discrimination which still existed in international economic relations.

In order to improve relations in general and trade in particular it was thought expedient to organise further "co-operative weeks" and to conclude agreements for the exchange of goods also with co-operatives in capitalist countries. Hungarian co-operators were ready to engage in negotiations in this field with all those co-operative organisations which showed a readiness to collaborate in this way. Thus bilateral and multilateral collaboration could be further developed.

Mr E. GROES, Denmark, pointed out that his comments on international collaboration were based on his experience as President of Nordisk Andelsforbund, the organisation mentioned in the Report.

In his long life and work he had always given priority to international collaboration because he knew that, despite all opposition and difficulties, it was in

itself a goal worth fighting for, which might bring about concrete advantages. However, success had not been achieved in one day. It had taken three generations to achieve the results of today.

NAF worked at present mainly as a giant Nordic purchasing organisation for foodstuffs and raw materials for processing in the co-operative foodstuff industry. Its foundation dated back to 1918, and NAF had made consistent progress, especially since the Second World War. This year's turnover was expected to be a record £100 million. This successful development had been made possible by the gradual liberalisation of world trade. Yet the following points were and remained of great importance.

First, the Scandinavian consumer co-operatives recognised that through economic collaboration their individual decisions on the world market would be strengthened, their competitiveness would increase and advantages for consumers could be achieved.

Secondly, the co-operative democratic structure of NAF, with its close collaboration with the managements of its member organisations, was important. Major decisions were made and the respective board members saw to it that these were carried out in their national organisations. In this connection mention might be made of the various commodity working groups.

It was important to note that the responsibility of NAF and its individual members was carefully laid down so that arguments about the division of responsibility did not arise. Its form of organisation and working methods had proved efficient in practice. All major decisions were backed by the full authority of the

top management, while decisions concerning the daily business were made by responsible people directly involved.

The third point was the establishment of buying offices in countries with which business was done in important items, such as coffee, cocoa, fruit, and vegetables, canned goods and so on. The advantage of having a man on the spot was apparent. The benefits included procurement of orders, pooling of orders, control of deliveries and forewarning of market reports. In this way NAF had come much closer to the buying market.

Fourthly, one should not forget that for centuries there had been a feeling of solidarity in Scandinavia. In this collaboration language problems were almost non-existent and member organisations had reached similar stages of development. In future, a further strengthening of collaboration and joint buying from all over the world was expected. New policies were being laid down as collaboration with INTER-COOP members, which were offered the services of the NAF offices on the same terms as NAF members, was increasing.

It was also important to maintain and strengthen the liberalisation of world trade. An increase in purchasing was expected, not least from the developing countries, especially if efficient sales organisations—preferably based on co-operative principles—could be established more rapidly. This was an important task not only for the ICA, but also for all present here.

Within the framework of NAF, international collaboration on the production side had also been discussed. In 1973 a report was given on this at the ICA Central Committee held in Budapest. In 1970 the co-operative chocolate manu-

facturers in Denmark and Sweden were amalgamated into Nordchoklad with Norway joining in 1975. This had proved a success. The investment programme of about £10 million provided for a new building for this organisation. Since the 1st July of this year a joint factory for the chemical-technical sector, Nordtend, comprising all co-operative factories in this field in Denmark, Norway, Finland and Sweden, had been in operation.

However, it must be said here that the establishment of a joint co-operative productive enterprise, a supra-national organisation, involved considerable problems and required considerable patience. A warning must be heeded against too high expectations regarding the conclusions and recommendations in this field as presented in the Report of the Working Group. It was not at all easy. The various reasons had been stated in 1973.

One reason was capital. It did not need any capital to form an agency for international buying, but capital was needed to build a factory of the right size to be competitive. However, capital or the lack of it was not the main reason. It must be borne in mind that multinational companies based their structure and operations on force—perhaps mild and often intelligent force, to be sure, but force in the form of buying up majorities of stock and all the other forms of capital supremacy. Co-operators must, if they were loyal to their ideals, use the way of voluntary agreement and voluntary collaboration among—in principle—equal partners. But then the problem arose that equal partners were never equal. One partner might have more capital, larger turnover, more able leadership than the others. But even if one of the partners lagged behind he

still had his national pride to defend. Even if the weaker partner had the very best will, there were other obstacles, not forgetting the employment problem.

The aim of this statement had been to show that it paid to make every effort to further international collaboration. It called for idealism, courage, new ways, good will and patience, but also for un-sentimental realism and hard work. This would also be a guide to all co-operators in the future.

Mr J. J. MUSUNDI, Kenya, stated that his delegation wished to affirm its support for the sixth ICA principle which emphasised the need for collaboration among co-operatives at local, national and international level. The Report of the Working Party had elaborated at great length on methods by which collaboration could be developed and strengthened at various levels of the co-operative movement of the world. His delegation felt, however, that the document had not adequately dealt with the problems facing the co-operatives in developing countries, especially those of Africa.

Co-operatives in Africa faced certain peculiar and potentially damaging circumstances that required an international co-operative effort to keep them within bounds. It should be appreciated that many countries in Africa had emerged from colonial rule only in the last 10 years. Prior to this they had lived under generations of maximum suppression by those in power, who were determined to keep down the masses and those institutions capable of raising the standards of living of such masses from their extreme degradation. Thus the co-operative institution was deliberately sabotaged while multinationals were en-

couraged to benefit the minority shareholders.

Therefore, whereas industrialised countries could boast of unhindered co-operative development for more than 100 years, in Africa such development had only just begun. It was only after attaining national independence that a free atmosphere had been established. Co-operators of developing countries were therefore far behind and there was no doubt that this was so.

The poverty of the people forming these co-operatives made them weak institutions and hence they easily became victims of the multinationals which had had an early start, beginning in the colonial area, and were more ruthless and experienced in their operations. This showed a need for the international co-operative movement to protect and nurture co-operative enterprises in developing countries, to a point where they could not only speak with one voice but also become strong economic forces capable of challenging any opposition.

The Kenyan delegation felt that it was not purely a duty of the respective governments to make the co-operative an accepted institution in each country. It felt that governments must be given a good excuse to support these institutions without having to accept lowered standards of living and widespread disruption of economies. In other words, co-operatives should portray themselves as worthwhile alternative institutions.

The international co-operative community had a duty to achieve such economic results within the shortest possible time by adopting the following measures:

1 ICA should develop and institutionalise machinery to enable co-

operatives of industrialised countries to assist co-operatives in the developing countries;

- 2 ICA should be enabled to provide staff to monitor and supervise projects mainly in developing countries;
- 3 Governments and non-governmental and international agencies should be encouraged to co-ordinate their financial and technical assistance, in consultation with the ICA, with that given by co-operatives. The concept of joint ventures between co-operatives, governments and other interests was the accepted trend in some developing countries, and helped to create employment opportunities. This would also remove the notion that developing countries were only producers of raw materials, the benefits of which accrued to the multinationals.
- 4 In line with the above, efforts should be made to make people aware of co-operatives in developing countries as the most suitable institutions for the development of an equitable economy, and the ICA and its member organisations should actively campaign for this view internationally by lobbying at the United Nations head-quarters and UN Commissions for Africa, Asia and Latin America, and at the Organisation of African Unity and the United Arab League.
- 5 The ICA should declare co-operatives in Africa as development projects for improving the standards of living of rural populations.
- 6 Assistance should be extended to co-operatives in developing countries to establish strong co-operative movements. Reference had been

made in the Report to amalgamation of co-operatives in European countries, including the United Kingdom and Sweden. In some of the African countries there had been advocacy that co-operatives should be broken up into smaller units. There was a need for more developed co-operatives to extend their expertise in these areas.

Mr Musundi expressed sincere thanks to those co-operative movements of the industrialised countries that had come to the aid of Kenyan co-operators in one way or another. It would be appropriate to mention the assistance which had been extended to Kenya by the co-operatives of the Nordic countries in collaboration with their respective governments. With the innovation of the well known Nordic Co-operative Project, the co-operative movement in Kenya had been transformed. It was now referred to as the best vehicle through which to channel credit facilities for development of rural areas. Under this project the Nordic countries helped the Kenya government to establish a very important co-operative institution which was very valuable in the country's development, because it helped in the training of management personnel of the co-operative movement.

Appreciation was extended for the support given by Centrosoyus (USSR), the Co-operative Union of the United Kingdom and the Canadian co-operative movement in assisting the training of Kenyan co-operative personnel, as the one problem that confronted co-operatives in most of the developing countries was the lack of managerial expertise and know-how.

Reference should also be made to the latest development in Kenya. The World Bank, which was assisting the Kenya government, would be granting a loan of some 200 million shillings, 75 per cent of which would be channelled through co-operatives. This showed the interest that some other agencies were taking in co-operative development. With this trend it was hoped that other organisations as well as co-operatives would be able to make a gesture in helping co-operatives in the developing countries.

Only an international co-operative effort could help to shape the destiny not only of co-operatives but also of the nations within which they operated. What was called for was a much less passive approach and a more aggressive line by the international co-operative community to challenge opposition and unite co-operatives to succeed.

Mr E. COETTE, France, speaking as a consumer and manager of a consumers' co-operative in the province of Normandy, expressed the hope that commercial relations between co-operatives would continue to develop on an international level, a wish expressed at the Vienna Congress in 1966 by the former director of his society. A great deal had to be done in the field of trade between nations, particularly between co-operatives.

The ICA must facilitate friendly relations between co-operatives and trade relations with all types of co-operative associations. INTER-COOP was established in 1970. Today it grouped together 28 consumer co-operatives in Europe, Israel and Japan which had an annual turnover of 100 billion French francs. However, this was not sufficient and so far not all its aims had been

achieved. A large number of obstacles made exchanges difficult, but could not co-operators achieve what multinationals had achieved?

The ICA today had a membership of 326 million co-operators of all races, creeds and religions and most of them were consumers. They all had to feed and clothe themselves. Among the many countries represented here, many were producers. Co-operators must help those who still had insufficient means to supply themselves. Under the auspices of the ICA a solution to extend trade between the various co-operative movements had to be found.

Co-operatives could have an influence on all economic sectors. The ICA should promote activities in this field and assistance should be given by co-operators to those who needed it. The ICA should also promote co-operative production in countries in membership with the ICA and try to encourage commercial exchanges.

In order to compete against multinational companies, it was necessary that national co-operatives should find in the ICA an organisation which enabled them to achieve their objectives by peaceful means. Despite achievements so far, a great deal still remained to be done. Mr Coette expressed the hope that the ICA would become even more powerful. The President of the ICA was a forceful person who would try his best to see that these aims were achieved. Roger Kerinec must be given the means whereby he could implement the ideals on which co-operators pride themselves.

The exports of national co-operatives must not go to private enterprise but must remain in the co-operative sector. This would enable co-operatives to give

their members a better deal, to become more efficient and on an international level.

The problems facing co-operators today, particularly the problems of the Third World, must be attacked together so that a peaceful society could be created where all might profit from their labour.

Mr S. A. BÖÖK, Sweden, referred to recent developments in the field of collaboration between different types of co-operatives in his country.

The co-operative sector had developed independently in many branches. In the consumer sector there were six different branches—consumer co-operation in general, co-operative insurance, oil co-operatives, housing co-operatives, co-operatives in the field of finance and the travel and holiday co-operatives, all with their own central unions and local societies. There was no apex organisation covering all these aspects. Instead, a network of various forms of collaboration between the various branches of the consumer sector and closely related organisations had been developed for some considerable time. But more needed to be done. During the 1970s, there had been an increasing demand for even closer collaboration. For this there were many reasons which had already been mentioned.

Discussions between the various partners had been held during the first part of the 1970s and the following conclusions had been reached: the social and economic developments of the 1960s and 1970s demanded a strengthening and economising of resources within the co-operative movement, utilising untapped reserves and possibilities, by means of closer collaboration both between the

various parts of the consumer co-operative sector and between the various parts of closely connected organisations.

Two examples should be cited which were of recent practical consequence, two examples of steps taken to further the development of collaboration: the formation of the Swedish Co-operative Institute and the Second Swedish Consumer Congress which would take place in the autumn. The Institute had been a long-standing idea within the Swedish co-operative movement, but it needed the discussions of the early 1970s to come to life. The Institute started its activities in September 1975. It was owned by all sections of consumer co-operatives and its whole aim was to achieve greater collaboration and to extend joint ventures between the consumer co-operatives and organisations closely connected with them. The Institute was not an apex organisation, but was an organ where discussions could be held and various forms of collaboration and common problems elaborated.

The Institute took the initiative and supported research into consumer co-operatives and the community. In this research the Institute collaborated with universities. Although the Institute had only existed for one year, it had had a very busy time. Amongst other things, an investigation into the various forms of existing local collaboration between co-operatives and other popular movements had been undertaken. But another part of the Institute's work was of more general interest.

During Congress mention had been made of the fact that the knowledge of co-operatives had been poorly developed in Malaysian schools. A similar

situation existed in Sweden. The Institute had examined textbooks used in schools on subjects where a mention of the co-operative movement could have been expected. The results of this survey were rather alarming. Many books made no mention of the existence of the co-operative movement or co-operative enterprises. Others mentioned co-operatives, but often very briefly and in a wrong and misleading way. Some books contained negative judgments about the co-operatives. It was well known that economics textbooks especially were too much dominated by the capitalist way of thinking and living. There was a strong co-operative movement in Sweden and there were various informative activities in schools, but obviously these were not enough.

The co-operatives were not alone in this experience. It was shared with closely connected organisations, such as the trade unions and parts of the popular movements. The situation had to be changed. Capitalist values and ways of thinking could not be permitted to have free publicity through school textbooks.

As far as the Second Swedish Consumer Congress was concerned, this time it would deal with different aspects of collaboration within the consumer co-operative sector, between consumer co-operatives and closely related organisations, and with the State and local authorities. The Congress was being prepared by members and non-members in their study circles. The participants in these study circles had put forward many proposals on increased collaboration which would be dealt with by the Congress. This time it was arranged in collaboration with the various branches of the consumer co-operative movement

and organisations closely connected with it.

Mr G. VECCHI, Italy, said that the report on collaboration between co-operatives was the fruit of one of the best initiatives which had been taken by the ICA in recent years. The report presented a good analysis of what could be done on the basis of the available structures. It was an excellent basis, but it was only a starting point.

The Report recommended the Executive to set up the means of examining constantly the question of the extension of collaboration between co-operatives. One of its means already existed and had been used by the Alliance in 1969. This was a meeting that brought together the chairmen and secretaries of the auxiliary committees. If this were done every year it would provide, without a reform of structures and with no particular difficulties, a means of permanent co-ordination of the multiple activities of the ICA and of encouraging new joint action as recommended in the Report.

Paragraph 6.7(b) of the Report recommended that more joint scientific research should be undertaken. It was most important to direct this research towards the elimination of the arbitrary opposition between producers and consumers, which was one of the worst things inherited from the classical liberal economy. The tendency towards consumerism could make matters worse. It was man as a whole that Co-operation should serve. Therefore, a valid substitution for the market, which in classical theory was presented as an instrument of adjustment of countervailing forces between the consumer and producer, had to be proposed.

In any case, this no longer worked. It

had been destroyed by the necessary demands of economic and social planning and by the uncontrolled actions of the great national and international monopolies. Only the World Co-operative Movement could initiate and carry on objective research in order to define a new means of distributing products and providing for the needs of mankind; of truly serving the interests of consumer and producer; and of regulating the situation. This would be one of the best replies to the difficult situation in which mankind found itself. It would be the end of the suffocation of the market and the global difficulties confronting all people. It would be a decisive contribution. It could only come from the co-operative movement on an international scale by setting up a New World Economic Order.

Mr A. ANTONI, France, stated that during this Congress it had been stressed many times that co-operatives and co-operators should continue to contribute effectively to the building of a new and better world. In order to attain this it was necessary to ensure that co-operators went beyond micro-realities; they should try to solve the macro-economic problems. In order to do this co-operators would have to try to mobilise themselves and go beyond their group egoism which was difficult to combat—just as difficult as individual egoism.

Weaker social groups which had decided to join together by using the co-operative way should consider their fellow co-operators and should try to meet the needs of mankind more efficiently. This should be done within countries and through inter-sectoral collaboration between workers' productive societies, agricultural co-operatives,

housing co-operatives and consumer co-operatives helped by credit co-operatives. This collaboration should also be carried out at the international level. This was the only valid reply co-operators had to offer as a counterweight to the multinationals. This action could only prove efficient if co-operative enterprises tried to attain their objectives not only for profit but to demonstrate an alternative to private or State enterprise. State enterprises were not democratic organisations. As far as private enterprises were concerned, co-operators could show that they supported a fairer distribution of profits between partners, whatever the economic and contractual circumstances.

The time of unco-ordinated action in the co-operative movement had surely passed. An organisation was now needed which could adapt itself to new circumstances. Within each country structures and planning authorities linking different sectors should be set up.

Mr B. CSERESNYES, Romania, referred to some aspects of collaboration between the co-operative organisations in Romania, both at national and international level. Romanian co-operatives were strongly linked with the social and economic structure of their country. All the activities of the co-operatives formed part of its development plan. Thus co-operatives were able to make their contribution towards the realisation of the economic aims of the Romanian Government by raising the spiritual and economic level of its people.

As members of the Socialist Unity Party of Romania, co-operators were helping the internal and external policy of the Communist Party of Romania. They had an important role to play in the

economic development of the country, and, on the international level, in promoting collaboration between countries of differing social and economic systems and in strengthening peace throughout the world.

In order to attain these aims, Romanian co-operatives had very good relations with the other Socialist countries. With some countries they had long term agreements on the basis of which attempts were being made to promote the economic, technical, scientific and cultural lot of the people. They also had relations with co-operatives in other European countries and in countries of Asia, Africa and America.

As far as aid to developing countries was concerned, Romanian co-operatives were giving grants for the education of management personnel. The movement aimed to develop and strengthen collaboration between co-operatives at national and international level and through such action assist the Alliance in helping co-operatives throughout the world.

The PRESIDENT interrupted the discussion, saying that he wanted to tell Congress what he thought about the deliberations so far. They had been very interesting, as was shown by the number of people in the audience. As Congress met only every four years it was easy to understand that people wanted to tell each other of their achievements during this time, but as the average speaker took eight minutes instead of five it was difficult to keep to a timetable.

There were two topics under discussion bearing on future activities. That might be one topic too many. The Alliance had a Central Committee which was very representative. Perhaps it should be given the chance of being

more active and Congress should devote its energies to common problems of co-operators, and inter-cooperative problems on which the whole future of the co-operative movement depended.

The President announced that a letter had just been received containing a cheque of 8,000 Canadian dollars as a contribution towards the Bonow Fund from the Co-operative Union of Canada and the Conseil Canadien de la Coopération.

Seventh Session

Friday, 1st October 1976
(morning)

Election of Executive Committee

The PRESIDENT announced the result of the election for the Executive Committee: Y. Daneau (Canada), S. Dreyer (USA), V. Galetti (Italy), N. Hämäläinen (Finland), T. Janczyk (Poland), R. Kohler (Switzerland), L. Kovalcik (Czechoslovakia), A. Miyawaki (Japan), J. J. Musundi (Kenya), O. Paulig (Federal Republic of Germany), A. Rauter (Austria), N. Thedin (Sweden) and H. W. Whitehead (United Kingdom).

DEBATE ON COLLABORATION BETWEEN CO-OPERATIVES (re-summed)

Mr R. N. ELLER, USA, said that he was the president of a group of co-operative insurance companies in St Paul, Minnesota, and was serving currently as Chairman of the Board of the Cooperative League of the USA.

The Cooperative League felt that the subject of collaboration between co-operatives was very timely and most appropriate for discussion at this meet-

ing. This concept had been strongly recommended to the ICA Co-operative Principles Commission by Howard Cowden of the USA.

In this era of big government, multi-national corporations and big business, collaboration between co-operatives was necessary to keep co-operatives strong economically for the benefit of their members. The organisation that he represented, Mutual Service Insurance, was a living example of collaboration between co-operatives, as it was owned and controlled by over 500 co-operatives from various sectors — producer co-operatives, marketing co-operatives, agricultural co-operatives and the like.

The Cooperative League of the USA was a national federation whose members covered a broad spectrum of co-operatives throughout the United States, joined together by a common interest in issues affecting them all.

Another example of collaboration was the Inter-Regional Service Corporation, owned by six large federated co-operatives including Mutual Service Insurance, located in the Mid-West of the USA. Through this organisation all transport facilities were purchased and then leased back to its members. This venture had brought about substantial savings and it had been possible to release capital for use in other worthwhile joint ventures.

There were also a variety of opportunities in education and training where collaboration could take place. Canadian and US co-operators had for many years conducted joint programmes in the area of educational and professional improvement in the field of insurance and finance. In the field of management training there had been collaboration for

the past 25 years in a top-level management institute. There were many other examples of collaboration among co-operatives in the areas of fertilizer production, refineries and oil drilling.

People might wonder where all the capital for this expenditure, involving billions of dollars, came from. It was all raised from American co-operators and sympathetic American investors. Not a single dollar for this expenditure had come from the US Government. The co-operative insurance organisation he represented had over 20 million dollars invested in the furtherance of co-operative enterprises.

American co-operatives were owned by people and controlled by people. They were financed by the same people and they served the needs of those people. Many of the co-operatives that collaborated with each other were competitors in the market place. Competition was the way of life in the United States. It was part of its philosophy and it helped to make the economy dynamic.

Mr Y. DANEAU, Canada, asked that his comments be included in the Report of Congress even though, to save time, he had not presented them:

Solidarity among co-operators within the organisation to which they belong and which they maintain in order to satisfy their needs, is an unavoidable necessity. However, this solidarity must not show itself only inside the small worlds of scattered co-operatives with no relation between them.

Co-operatives must apply themselves to strengthening the ties which link their own members at national and international levels, in the most suitable forms. Such inter-cooperation occurs quite naturally among co-operatives in the same sector, because this is a means of increasing or improving the services they are called upon

to provide for their members. But this inter-cooperation would appear equally important among co-operatives of different types and functions.

The emergence of a genuine co-operative movement depends on the conscious awareness of solidarity founded on adherence to an economic organisational formula where those in need see themselves, through their personal and collective efforts, as able to satisfy it. The co-operative framework can also be considered particularly favourable for the development of the spirit of collaboration and mutual help at international level.

Co-operatives frequently declare their wish to collaborate with all the other bodies which work in the interests and for the promotion of the whole international community. Such collaboration on common aims does not imply that we should not differ on other points which may engender neutral or even opposing attitudes.

Liberty, solidarity, democracy, the equitable distribution of wealth, the sense of individual and collective responsibility, respect for human dignity, the positive and responsible working towards an economy inspired by the values inherent in co-operation and favouring its development—that is what co-operators should aim for! Co-operation can do much, in those sectors in which it is active, to realise such objectives. And it is in this sense that Co-operation can be seen as an instrument for development, as an agent for ordered change aimed at improving the quality of life.

If there is often a tendency to insist on the ideological characteristics of Co-operation, perhaps one should also insist on Co-operation as an instrument of social and economic development. Seen in this perspective, we are well aware that the State will have a greater role to play; also we ourselves will be called upon to collaborate in order better to achieve our own objectives; in some cases we may have a share in achievements which go beyond our own objectives to embrace those of the community.

This is a positive attitude which will

stimulate the development of the movement and avoid sterile, long and often useless disputes with other types of organisation. It appears more desirable to the Canadian delegation to organise collaboration between co-operatives than to carry on long discussions on multinationals.

In this connection, I would not like us to be misunderstood: in no way do we want to give moral support or make apologies for the multinationals.

We simply formulate the wish that inter-cooperation should take place, that the mechanism for inter-cooperation should be set up, that we should go into action together rather than make long speeches which essentially achieve very little.

Mr B. KHOSTOV, USSR, pointed out that mention had been made in the Report of the wide-scale and mutually advantageous economic collaboration between consumer co-operatives and agricultural co-operatives in the Soviet Union. The success of this collaboration was based on the socio-economic situation in his country where there was social ownership of the means of production. Either they belonged to the State and thus to the people as a whole or they were owned by co-operatives, thus belonging to a group of the population joined in a co-operative.

Socialism had been introduced after the October Revolution of 1917. The first sector to be socialised was the productive sector through the nationalisation of industry, transport, energy resources and many other parts of the economy. In the agricultural, trade and artisanal sectors advantageous credit terms were extended. The opportunity was given to the peasants to come into the socialist form of agricultural organisation. This was done voluntarily. They also joined co-operatives. This change of society brought about with the help of

co-operatives transformed the backward economy of private small producers into the modern dynamic agricultural and social economy known today.

Lenin had elaborated a plan for the development of co-operatives which had been completed at the end of the 1930s with the help of the Government. This meant that peasants were unified first of all in the simplest forms of co-operatives—credit, consumer, and consumer and producer co-operatives. These were the primary schools for peasants to learn about co-operatives and about applying their ideas to their own economy.

Later there was an intermediate form, i.e. the move towards the pooling of land and the common use of machinery. After that came common ownership of the land and the means of production.

Therefore even at the beginning of the development of the socialist society co-operatives had played a key role: They provided housing and they also organised education and management training for members.

Over the years there had been fruitful collaboration between co-operatives and socialist enterprises which had proved important, both in the productive and the agricultural sector. The State farms produced the agricultural goods and the consumer co-operatives took the goods from the State farms and distributed them to the people. However, consumer co-operatives also supplied the peasants with their daily needs.

Co-operatives continued to assist in improving the standard of living of the people in rural areas which must not lag behind that of people in urban areas.

Mr H. N. OSAKWE, Nigeria, referred to the positive development of the co-operative movement in his country

and offered assistance to less fortunate co-operative organisations, particularly in the field of co-operative education. This concession had already been extended to co-operators in other West African countries.

But the co-operative movement in Nigeria which desired to increase its tempo of development still needed assistance from the more advanced and more privileged movements. Appeals would shortly be made for assistance in the training of co-operative trainers and the training of co-operative insurance personnel.

Mr MICHAELIDES, Greece, pointed out how much the moral support of the Alliance and of co-operators in other countries during the time of the military junta had been appreciated. Every attempt was being made by Greek co-operators to wipe out the bad economic and social consequences to the co-operative movement during those years.

Collaboration between co-operatives was very desirable. The co-operative form of enterprise could help the Greek economy. Collaboration between consumer and producer co-operatives at the local, national and international level could make a contribution towards solving the economic problems facing them and towards creating the essential preconditions favourable to economic development.

Producer co-operatives needed to distribute and sell their produce. In Greece, however, the consumer co-operative movement was very weak compared with the agricultural movement. The agricultural co-operatives could be much more efficient if there were consumer co-operatives in urban areas. Without consumer co-operatives

the development of agricultural co-operatives was hampered. This difficulty had to be overcome. It could only be done with the help of co-operators who had experience in this field and who could advocate practical steps which could be taken to improve the position.

Mr A. MIYAWAKI, Japan, referred to international co-operative trade between agricultural co-operatives.

Looking at the world grain trade, it was very obviously dominated by the multinational grain corporations which had a strong influence on price formation and grain distribution. If the interests of producers and consumers were to be protected from the despotic actions of multinationals, the ways and means of competing with them must be seriously considered.

The Japanese agricultural co-operative movement had been engaged in the importing of feed grains through its national federations, Zen-Noh and Unicoop Japan for more than 10 years, from grain producers' co-operatives in the United States. Trade relations existed with agricultural co-operatives in Argentina, Australia and Thailand. Zen-Noh operated seven grain bulk carriers to make this trade more efficient and successful. FEC had recently established a branch office in Tokyo in collaboration with its Japanese counterpart. This would strengthen the competitive power of co-operatives against the monopoly of multinational grain traders in the Asian region.

The trade collaboration with the Thai agricultural co-operatives had been expanded into various assistance programmes and joint ventures. The Japan International Co-operation Agency had approved a special loan of 1 million

dollars last year for the development project worked out between the Thai and Japanese co-operative movements. The Japanese movement also planned to start collaboration with the agricultural co-operatives in Vietnam in their corn development project with help from the Japan International Co-operation Agency.

The Japanese agricultural co-operatives had made deliberate efforts to collaborate with agricultural co-operatives in various countries in order to establish a long-term and stable export-import business for feed grains. From these experiences the following advantages had been gained in the feed grain business through co-operatives.

First, a strong partnership and mutual reliance between co-operatives in exporting and importing countries, which had enabled them to make long-term contracts and to ensure stable supply and marketing outlets.

Secondly, this had enabled Japanese co-operators to acquaint themselves with the complicated systems and mechanisms in the marketing and price formation of feed grains, through the exchange of useful information, which had contributed much to the stabilisation of prices.

The necessity to expand such international co-operative trade in the field of grains in general, was an important area for agricultural co-operatives to consider if they were to strengthen their competitive power against multinational corporations. Mr Miyawaki expressed the hope that these problems would be further studied in the Agricultural Committee and that practical steps would be taken to deal with these matters.

Mr M. KITA, Japan, said he wished

to comment on his special field, i.e. forestry.

A great deal had to be done at the level of the ICA to protect the environment as well as forests. Forests must be protected because they provide wood, an important industry in Japan. 65 per cent of the total wood produced which was 100 million cubic metres a year was being exported. Ten large private companies were involved in the timber trade which exerted pressure on the whole field of forestry and also on the importers and exporters of wood products. Rational trade between exporters and importers of wood and wood products had to be encouraged.

Close collaboration of co-operatives was very important. Inter-cooperative activities should not only be promoted in the field of wood and wood products, but also in other fields. International collaboration would be one of the major tasks in the future development of the ICA. The ICA should study the situation and promote the establishment of forestry co-operatives.

The Japanese National Federation of Forest Owners' Co-operatives had in its membership 46 associations with an individual membership of 1,000,800 members. They had strong ties with the Swedish co-operatives and they hoped to extend these to other parts of the world.

Mr G. CINTOLO, Italy, said that he was speaking on behalf of the three Italian co-operative movements which collaborated in a spirit of solidarity.

The experience in Italy was of a specific nature. There was close collaboration between various sectors, facilitated by the fact that Italian co-operatives covered various co-operative sectors. The Italian experience had

shown that inter-sectoral activity at the national level was not only important but absolutely essential, and profitable as well. There was co-ordination on a national level and such co-ordination should be promoted at international level. Economic integration in order to increase the competitiveness of co-operatives confronted by multinationals should be encouraged. There was a need to set up multinational co-operatives which would lead co-operators along the path previously outlined.

INTER-COOP had shown good results in the consumer field. Such collaboration should be extended to other sectors—housing, agriculture, workers' co-operatives—on an international level, particularly in the present economic crisis.

Within the EEC, EUROCOOP was maintaining good relations with the authorities of the Community. In November a meeting of three directors of EUROCOOP with members of the EEC Commission would take place. However, there was not yet full collaboration between the co-operatives of various countries and the institutions of the EEC. It was essential to have inter-sectoral collaboration on an international level.

The three Italian co-operative movements requested that the co-operative movements within the EEC organise a conference under the auspices of the ICA to study ways and means of helping co-operatives in developing countries.

Miss L. OVESEN, Norway, pointed out that Congress had adopted the ICA's Programme of Work for the next four years and had thus accepted that the co-operative movement must be ever alert to recognise new challenges.

The imbalance of the distribution of food and energy, and the over-population in a number of countries, had led to the demand for a New International Economic Order. Those who lived in what might be termed the over-developed part of the world were now being asked by the developing countries to direct their economic and technological advance in a different way. They were being asked to share their good fortune with the population of the developing countries.

Co-operators all knew—but it might be necessary to underline it again lest it be forgotten—that this was not a question of charity. It was a question of necessity.

It was fairly easy to adopt resolutions and declarations on a number of important and sometimes even rather difficult questions. Agreements in principle posed in general no particular problems. The problems arose when practical implementation of good intention was demanded, as experienced by UNCTAD earlier in the year. Obstacles must be overcome before agreement on the realistic programme of action on the establishment of a New International Economic Order was reached. However, as long as deliberations were going on, it was possible to cherish the hope of tabling realistic proposals at the next UNCTAD conference.

Developments in the past few years had shown that there existed a close interdependence between all the nations of the world. In fact, collaboration between nations was a prerequisite for survival. The Report gave some examples of successful international collaboration. Nevertheless, if one considered the huge membership of the Alliance, it must be admitted that the results

achieved were very modest. If serious and concerted efforts were made to solve existing difficulties, surely an expansion of co-operative collaboration on the international level would be possible, collaboration that would give—as the Report pertinently emphasised—a clear commercial advantage to the co-operative movements in both developing and industrialised countries.

There was a crying need today for collaboration between all nations with regard to a well-planned and rational exploitation of global resources. To those who liked to consider themselves as militant co-operators, the demand for a New International Economic Order represented a great challenge. As co-operators, they were working to create more social and economic equality among nations and individuals. Co-operators had a moral obligation to work for a new and more just global economic and social strategy and thus implement the true essence of Co-operation.

Mr A. PASKO, Poland, spoke of collaboration at the international level in the field of education. This activity should be promoted, particularly in developing countries. The Polish co-operatives had taken part in a number of activities in this field. Seminars in developing countries should be jointly organised by co-operatives from Socialist and capitalist countries. They would enable participants to learn to understand more about each other's ideas and they could form the basis for an exchange of information.

The Central Union of Peasant Self-Aid Co-operatives had collaborated with the ICA and the Hungarian co-operatives in producing a directory of organisations engaged in research on co-

operatives in developing countries. A great deal of biographical data had been recorded and this was available to all co-operative movements.

Educational activities should not only be made more extensive but should also be improved through new methods. Education of co-operators in developing countries required co-operatives in the developed countries to work more closely together on different levels. This required new finance for educational activities and support from the United Nations, UNIDO, UNESCO and other organisations, such as the International Bank for Development, and the extension of educational institutions.

One of the major tasks was the training of teachers and the production of manuals, in particular for agriculture. New methods of educational techniques must be found to extend activities. Education in developing countries was one of the main activities of the Alliance.

Mrs M. RUPENA, Yugoslavia, said that great efforts were being made in Yugoslavia to develop agricultural production in order to provide enough food for all the people with, if possible, sufficient for export, and to improve food processing, transport and distribution. All these were contained in the so-called Green Programme which was being realised through co-operatives and general self-management systems.

Many delegates had spoken about educational problems. Co-operatives in Yugoslavia were developing many kinds of education to increase the knowledge of their members. The groups of women and young people were doing well. In this framework extension work was also included. Without the appropriate knowledge things could not be improved. An

attempt was being made to involve as many co-operators as possible in various self-governing responsibilities and at the same time to unify their forces at community, republic and federal levels, because experience had shown that this was necessary.

There had been many discussions in the Yugoslav Parliament about improving the control of co-operatives at all levels. Their importance was also stressed in the new constitutional law at federal, republic and community level. Efforts were directed towards the overall socio-economic progress of the country.

Co-operators in Yugoslavia understood quite well what poverty and under-development meant, because they had to overcome both, with internal difficulties and external pressures of all kinds. They remembered the War and the post-war years when they had to do without the necessities of everyday life. Therefore, they supported all the ideas in the Report and the protests against excessive expenditure on the arms race. It would be much better to devote more resources to research to help resolve problems which were important to all mankind.

Collaboration of the ICA and the auxiliary committees with other international organisations, governmental as well as non-governmental, should be promoted. Experience showed that this was very good at the national and international levels. The Yugoslavs supported all efforts to change the world social and economic order and the decisions which developing countries were taking at their meetings, including the efforts to implement the Colombo conference.

Yugoslav co-operators were trying to develop collaboration with other co-operative movements in Europe and

other parts of the world. In this way they were following the spirit of the Helsinki Conference, as had been mentioned in the discussion and stated in the motion, which it was hoped would be accepted.

Good collaboration existed with Italian co-operators. Visits had been arranged to Italian co-operative enterprises and Italian co-operators had visited co-operatives in Yugoslavia. This had made an exchange of ideas and experience between co-operators possible. They got to know each other better and thus were able to understand better the problems and needs of others, as well as their successes.

Mr ROMANOWSKI, Poland, pointed out that the Polish co-operative movement had given a great deal of attention to collaboration between co-operatives in the field of cultural and educational activities and had forged links with different types of co-operatives through joint meetings and conferences. A commission for social questions had been in existence for several years and they had also the apex organisation, the Supreme Co-operative Council.

There was a central fund which was at the disposal of all the different types of co-operatives. There were educational programmes in management training for all co-operatives and exchanges of managers between the different sectors of the co-operative movement. Co-operatives and trade unions collaborated on tourism and leisure activities to help working people to enjoy life more fully.

There were centres where economy was taught and clubs where housewives received instruction. Members could also attend courses and participate in cultural exchanges.

The co-operative movement had many secondary schools financed by the Supreme Co-operative Council. Co-operative education programmes were also carried out in State schools. The different co-operative sectors also collaborated on educational programmes: Polish co-operators believed that it was very important to pool information and experiences in different sectors. The success of collaboration had proved its importance, because it ensured the improvement of the standard of living and the happiness of the members of co-operatives in Poland.

Mr J. BIHARI L. KHACHI, India, stated that the dark clouds of the multi-national threat, attacked way back in 1972 at the Congress in Warsaw, continued to lower. There was, therefore, a need to develop greater cohesion among co-operatives. The idea was not merely to collaborate on training programmes, but to take collaboration further into the larger sector of industrial collaboration. The idea was also that co-operators should build up an international community free from exploitation.

Even today people thought in terms of "poor relations", even among the co-operative community. This concept of poor relations, inherited from the big power rivalry and the concept of diplomatic manoeuvres, continued to guide the deliberations of institutions like the Alliance. This trend must not be perpetuated.

There was a new resurgence in the developing world. Only the previous month in Colombo, Sri Lanka, 86 nations from the non-aligned world had resolved to set up a New Economic Order. The developed nations should be warned that the developing and non-

aligned world would not be taken for a ride. In Mexico City a centre had been set up for the development of economic and other links among the developing world. By the end of this year it was hoped to establish a solidarity fund.

A seven-point programme had been adopted at the Colombo summit. One of the major recommendations had been the restructuring of the entire apparatus of international trade which would involve the setting up of an international bank for the developing world. If the world was to be a happier place, co-operatives must involve themselves with a much greater spirit of co-operation. What was needed was the identification of the areas where there should be collaboration. This would be the responsibility of the ICA Secretariat.

Mr Khachi expressed the fear that there might be some developed countries, even some co-operatives in the developed countries, which would like to use the developing world only for the supply of raw materials. This should be resisted. A spirit of collaboration was needed. Know-how and expertise were needed.

The Secretary-General of the United Nations had said in Mexico City that the developing world should not merely look to the developed world for money and assistance in financial matters, but it should try to develop its own huge manpower resources. People in the developing countries were conscious of their responsibilities and of the role of the developing world in the New Economic Order.

The Report on Collaboration between Co-operatives was a useful and forward looking document, but it was not complete. It was a good basis, but it would

need closer study and scrutiny at the national level for collaboration to take place. When formulating a plan of action for years to come in the co-operative world, it should not be forgotten that there were some poor relations who did not want to be treated poorly. There were some poor relations who were determined to throw off the yoke of poverty.

That must be done not through the benevolence or generosity of the developed world, but as equal partners sharing the same ideals and goals. In the co-operative sphere, with co-operative principles and ideology, the spirit of neither side winning or losing should prevail. Co-operators must work for the good of the movement and its growth. The impact of the ICA was growing steadily, but a great deal of work remained to be done. Its financial limitations were well known, co-operators must look forward to a spirit of mutual respect. Any form of collaboration should not only be above suspicion but foolproof. There should be no further exploitation.

Under the umbrella of co-operative principles various spheres could be covered by this new concept of international trade. They could be tourism, pharmaceutical, agricultural or other prosperous industries, but caution was needed when choosing spheres of activity for international collaboration. There was a need for the humanisation of international trade through co-operative channels.

Dr H. FAHRENKROG, German Democratic Republic, said that the consumer co-operatives in the German Democratic Republic were in agreement with the ideals expressed in the Report.

They thought that collaboration between co-operatives could contribute towards the dissemination of the ideals of the Alliance and help to make co-operatives more efficient. The concept of national and international collaboration must be stressed. Close collaboration between the co-operatives in all economic sectors and the social field existed in his country in order to strengthen the economy as a whole. It would be valuable to exchange positive experiences.

The preliminary requirements for intensifying collaboration at the international level had been created by the Helsinki Conference last year. For the first time in the history of this continent a plan for long-term and effective co-ordinated action had been elaborated. This would promote Co-operation in many fields and strengthen economic ties. It was essential to have regular exchanges of opinions and experiences on the basis of the principles established in Helsinki.

With reference to consumer co-operatives in the Democratic Republic, during the last year there had been more than 80 official delegations from 40 countries and 5 international organisations. Exchanges of opinions, experiments and experience made a valuable contribution to co-operative activities and were a means of solving economic and social problems. Close collaboration between co-operatives provided better possibilities for them to carry out their work more effectively.

Mr W. W. RAWLINSON, Australia, told Congress that he wished to speak on trade between co-operatives, and international co-operative trade. The Director's remarks concerning more collaboration with international co-operative

service organisations in such fields as agricultural co-operation and finance in rural areas were most welcome.

With regard to the Report from the Central Committee on action resulting from the Warsaw Congress resolutions, particularly the item dealing with "Trade", Mr Rawlinson felt the role of the ICA had been underplayed. On the initiative of the ICA Council for South-East Asia, the International Co-operative Trading Organisation had been set up in Singapore, with detailed practical administrative assistance from the Regional Office in New Delhi, to whose staff tribute should be paid for their excellent work in this respect.

The object of ICTO was to assist co-operatives and people in the Asian region through collaboration by trade rather than aid, and also to promote international co-operative trade. The organisation had been established and its future was now entirely dependent on collaboration between co-operatives everywhere.

Mr Weeraman, Director of the Regional Office, had reported on the ICTO and it might be useful to repeat his statement:

"The International Co-operative Trading Organisation, started in Singapore by eight national co-operative movements of South-East Asia, has had some business in its first year of operations. However, it must be said that the pace is slow. It will take time for co-operatives in developed countries which buy consumer goods in the South-East Asia markets to switch over from their already well-established contacts to the new organisation. But, in the interests of the developing countries, the developed co-operatives must give their sympathetic consideration to buying from the producer co-operatives of the developing countries, and the International Co-

operative Trading Organisation can help to establish this collaboration. A certain amount of patience with inexperienced co-operatives trying to come into the picture has to be exercised by developed co-operatives, remembering that they too only 50 years ago were struggling for recognition in the same way. A very simple way of extending their sympathy is to give ICTO an idea of the requirements of co-operative buying in South-East Asia as they would be two years hence. The International Co-operative Trading Organisation members can then get the required supplies ready by 1978."

A warning had been given by the Chairman of Nordisk Andesforbund on the problems of developing this type of trading operation. This warning should be heeded. However attention should be drawn to the Report of the Working Party, which stated, amongst other things: "Important purchases of knitwear and tools and other things have been made in the Far East," as an indication of collaboration between co-operatives, although no reference was made to the possible utilisation of the services of this organisation, set up specifically for this purpose.

An example of the frustration which might be expected in the formative stages of this organisation had been the enquiry received by the Organisation earlier this year from a European co-operative trading organisation about certain activities in Singapore. The enquiry had been answered, but the co-operative concerned had then sent its own representative to Singapore, bypassing ICTO and thereby failing to give business and support to this new organisation.

Mr Rawlinson appealed for understanding and support for ICTO from such ICA associate organisations as

EUROCOOP and INTER-COOP and the trading co-operatives of both socialist and mixed economy systems, by putting business through it, thus demonstrating practical collaboration between co-operatives.

Mr F. VYCHODIL, Czechoslovakia, stated that collaboration between co-operatives on the national and international levels was a very important subject which corresponded to the principles and interests of the ICA. The Alliance, the movement as a whole and the member organisations should continue to contribute more actively to the idea of Helsinki. The basic ideas underlying the documents produced by this conference should be introduced into our day-to-day life, because the Helsinki Conference supported true collaboration and determined the principles of peaceful co-existence of countries with different social and economic systems.

However, the task of Congress would not be fulfilled if it limited itself to approving the Report and voting for the Resolution on Collaboration between Co-operatives. Words needed to be matched with action in order to make the public more familiar with the tasks and aims of co-operators, to mobilise all members of co-operatives, their federations and other co-operative organisations in order that they might take positive action to implement the decisions of the Helsinki Conference. The development of Co-operation contributed to the deepening of knowledge and understanding of each other, knowledge of what had been achieved and the problems that confronted different co-operative movements. This would strengthen understanding and mutual comprehension and thereby help peace

and the security of nations. All of these things were essential for co-operative development.

Better collaboration between the co-operative organisations within the ICA and throughout the movement were due to the better atmosphere which existed in international relations at present. The co-operative organisations of the Socialist countries had always done all in their power to create such a favourable climate. However, even today it was not a simple task, when human rights were trampled upon—as, for example, by the Fascist regime of Chile, and as long as there was racialism in South Africa and other parts of the world.

It was right that the ICA, with all men of progressive and democratic spirit, should try to attack these phenomena and struggle continuously against them. Czechoslovak co-operators strongly supported any initiatives taken by co-operative organisations operating under different economic and social systems to affirm comprehension of other people as well as collaboration and progress. It was good to know that the ICA was playing an active role in setting up more favourable conditions to achieve these ends.

Mr WAWRZEWSKI, Poland, indicated that he wanted to speak about collaboration between housing and other co-operatives in Poland. The basic aims of this collaboration and common action were defined in agreements between the representatives of the housing co-operatives and other co-operatives.

This collaboration was defined in programmes of action, and was concentrated in two sectors. The first was the preparation of investments in trade and services in the housing schemes. The

second dealt with a whole range of measures for cultural, educational and leisure activities. In particular, young people and the children who lived in these co-operative housing projects benefited from them.

Regarding the first area, there was an exchange of information and constant consultation dealing with problems and how best to manage the housing and commercial services offered in these schemes. Co-operators were convinced that consultation was essential when investment was being considered. A service infrastructure had been set up which could take maximum advantage of the situation. It offered a whole range of services to co-operators and those who lived in these housing schemes.

Regarding the second area, collaboration depended on a number of common actions to help families in educating their children and running their households. A wide range of cultural and youth activities were being carried out. The self-governing bodies of these co-operatives were in constant consultation. This was essential if the programmes were to be implemented successfully.

New elements could be added to these programmes, as there were no rigid schemes. Given that the housing co-operatives had a greater role to play in the years ahead, especially in urban areas, a number of measures would have to be taken to promote greater collaboration between housing co-operatives, agricultural co-operatives and the peasant self-aid co-operatives. The principles of collaboration were always in the minds of those managing the co-operatives. They constantly analysed those principles and the programmes of work and there were joint meetings of the govern-

ing bodies of the different co-operatives.

Mr A. HIRSCHFELD, France, pointed out that collaboration both at the national and international level was indispensable if the co-operative movement was not to be merely an extension of the private sector in many different fields. It was essential that links between the different sectors of Co-operation be increased. Different attempts at collaboration between co-operatives had been made in France. Considerable difficulties had been faced, including economic difficulties. When such difficulties arose co-operatives tended to withdraw into themselves and forget their obligations with regard to collaboration with other co-operatives. However, such problems might best be overcome through collaboration, rather than by each acting for himself. It had been proved that in the educational sector and in management training it was better for experiments to be carried out jointly.

In France fortunately this problem had been understood. For example, there was a co-operative college supported by many of the national federations, and there was the French Institute for Co-operative Studies also supported by inter-cooperation. The study of co-operative education was an area where teachers and students could express their ideas and write articles on Co-operation—its past, present and future. These efforts should be pursued with patience and developed in the years ahead.

But collaboration at the national level was no longer sufficient. Co-operators had for a long time felt that the ICA was a very useful organisation to help in international Co-operation. In the difficult world in which we lived, and with the selfishness which unfortunately domi-

nated the behaviour of many men and women, efforts had to be redoubled to develop in every sector an indispensable solidarity.

Co-operation would triumph only if throughout the world, in all sectors, co-operators went beyond their own interests and their own successes and tried to become truly international. They should join together to create a truly co-operative world.

REPLY TO THE DEBATE ON COLLABORATION BETWEEN CO-OPERATIVES

Mr J. HARRISON, Chairman of the Working Party, said that his first duty was to express thanks to the Congress for the number of contributions to the debate which indicated the tremendous interest in the subject of collaboration and its importance to the international co-operative movement. He also wanted to thank every contributor, because this was again an acknowledgment of the practical nature of the subject and the importance attached to it; also the members of the working party, who had without exception contributed so much to the success of this document, particularly in the course of its preparation, and Dr Saxena, Mr Davies and members of the staff of the ICA who had at all times patiently and helpfully contributed to making it so informative and readable. Thanks should also be expressed to Dr Bonow, the former President of the ICA, who had supported in the Executive the idea of setting up this working party. In addition there had been long dialogues with various members of the British and the international co-operative movement on the subject between meetings of the working party, which

had also contributed to its success.

Two comments had been made which indicated disappointment in the Report. The first had been that not very much mention had been made of the developing countries. Delegates should refer to item 1.1.6. in which it was stated that the subject was so broad that some ideas had to be excluded, namely inter-cooperative aid and technical assistance by co-operatives in industrialised countries to those in the Third World. But at all times the problems of co-operatives in developing countries had been foremost in the thoughts of the Working Party, as had the activities of the co-operative movements in the Socialist countries. There was no doubt that the experience and challenge of all these countries had been very important in the final shaping of ideas.

Thanks should be expressed to the Canadian delegate for making the correction about Japanese investment in the herring roe industry.

It had been said that this was a compromise document, but that was not so, for two reasons. First, the document stood four-square with the Alliance's policy document on principles which the Working Party had before it and which enunciated the sixth principle, which was collaboration between co-operatives. Secondly, the document demonstrated the infinite variety of the practical collaboration that was taking place in the international co-operative movement and the contribution that collaboration was making not only to the strengthening of the co-operative movement, but to meeting the challenge of forces, in the capitalist world particularly, such as the multinational corporations. Every speech to Congress had demonstrated this

point, and it was hoped that the experiences described had been well noted.

However, two questions had to be asked. The first was the practical question as to what could be learnt from the experiences recounted in this debate, and how they could be used to develop collaboration in practical ways when delegates returned to their own countries. If some practical results could be achieved, there was no doubt that collaboration between co-operatives would become a stronger idea and something which would not only cement but also contribute to the greater strengthening of the international co-operative movement and the co-operative movements in the individual countries.

In his view, collaboration would develop and grow. Co-operators were always attempting, as was done in the Working Party, to find the bases of common agreement and to see how one could build on them. There was no doubt that it was the great merit of the international co-operative movement that, no matter what the differences might be between the various economies and the infinite variety that existed in the forms of Co-operation, there was in the essence of the co-operative philosophy the need to find agreement and act on these bases.

The Report had stressed what co-operatives were collaborating for. Right at the forefront, they collaborated for things which were socially desirable. They wanted to serve the consumer better. They wanted to bring more people into co-operative forms of employment. They wanted to increase the strength of the co-operative sector in capitalist countries. They wanted to ensure that in all forms of economy there

was greater and more constructive collaboration between the State and the co-operative forms of organisation. If this was done, co-operatives would make an excellent contribution not only to improving the material life of people but to enriching their outlook and their contribution to culture, education and so on.

Mention had also been made that there should be more collaboration between the apex organisations and private organisations. At the international level, the importance of inter-cooperative relationships, particularly those in joint buying, production and financial assistance had been stated.

What the Working Party had done was to recognise and show the infinite varieties of co-operative forms, the differences in the co-operative forms in the various economies, and the contributions that these were making. It had been recognised that co-operative collaboration between all these forms was a practical possibility. What had been said in this debate indicated that the co-operative movement at the national and international levels was working very hard to make a success of collaboration and to strengthen the international co-operative movement. The Alliance recognised and demonstrated this in its work for the co-operative movement, not only in practical ways but also in the development of the basic co-operation philosophy.

It was now time to turn to the future. The new Central Committee and the Executive Committee had to ask the auxiliary committees and working parties in the Alliance to report fully not only to the next Congress, but to the next meeting of the Central Committee on the work they were doing to improve col-

laboration in those spheres of activity for which they were responsible. This was democratic accountability. It was something that had to be introduced much more purposefully in this organisation.

There were aspects of the study on collaboration which had to be examined, because action upon them was very important. For instance, one had to look at the relationship between producer and consumer co-operatives. There was no doubt that this had been and still was a problem. If greater collaboration could be achieved here, there was no doubt that the worker in the producer organisation would benefit, as would the consumer who was finally going to buy the goods.

On the question of East-West trade, the difficulties in approach as to why more trade was not being done had at times been over-emphasised. But there were other difficulties which had to be examined. Perhaps these were difficulties which could be solved by co-operators themselves. They were practical difficulties, often arising out of the quality of goods, problems of packaging, labelling and so on. What should be suggested here was that the organisations operating in the developed countries, such as INTER-COOP and Nordisk Andelsforbund and the appropriate organisations in the Socialist economies should get together in a market research exercise to try to find out how to develop trade on the basis of agreed commodities, packaging and other things, so that there could be greater liberalisation of trade between these forms of economies. These were practical matters, but nevertheless matters which were important. On this basis, it might be possible to report at the next Congress that there had been a great development of trade between co-

operatives in these two types of economies.

It had been suggested that INTER-COOP and the Agricultural Committee of the Alliance should attempt to work more closely together. There was a sense of urgency here and consideration should be given to asking these two bodies to meet to see whether it was possible to get greater collaboration.

Mr Harrison said he had been impressed by some of the contributions made during Congress, which should be looked at very closely, particularly as it was hoped that there would be greater and more extensive practical collaboration in future. The Bulgarian contribution in this respect had been very interesting: Mr Kostow had stressed the importance of economies of scale and especially the need for meeting the challenge of the multinational corporations.

The establishment of the Co-operative Institute in Sweden was an interesting development. Where such organisations existed in a country there was a renewed opportunity for co-operators to get together to discuss co-operative philosophy. What was needed in any case, wherever co-operators met, was to encourage a dialogue where co-operators could be frank with each other, and to ensure that what was said found practical expression.

Mr Harrison did not think that another report on collaboration was needed. But it might be that the Central Committee or the Alliance would invite those who had been associated with this Report to meet at some stage in between Congresses, in order to assess the practical gains that had come out of this Report and to see whether any recommendations

could be made for further implementation of the recommendations made by the Working Party.

There were important aspects for further consideration. And in this context the relevant passages from the proposal in the name of the Central Committee should be quoted. It requested "the Central Committee of the Alliance, in consultation with the ICA Auxiliary Committees, further to explore ways and means of expanding collaboration between co-operatives through conferences and seminars and to consider whether new arrangements should be made to ensure that collaboration is kept closely under review in the ICA". That need would be acknowledged by all and all the people assembled there would demonstrate that practically when the Congress was over.

The motion called upon member organisations "to do all they can to collaborate with other co-operative organisations to compete more effectively with monopolies and multinational corporations". Again this would be acknowledged by all.

Finally it asked "the Central Committee to report to the 27th Congress of the ICA in 1980 on progress made". At that Congress the debate would probably be entirely different, showing that on the international level collaboration had been raised to a much higher degree of activity, and it would be possible to record greater satisfaction than had been possible at present.

If co-operators acted in this way the job of the Working Party would have been fruitful. The speeches indicated an acute interest in the subject. They acknowledged responsibility and Mr Harrison felt sure that if the debate was

anything to go by, greater progress would be reported at the ICA Congress in 1980.

The PRESIDENT then moved the adoption of the motion, which was **carried unanimously**.

RESOLUTION ON COLLABORATION BETWEEN CO-OPERATIVES

The 26th Congress of the International Co-operative Alliance:

REAFFIRMS its belief in the principle of Collaboration between Co-operatives proclaimed at its 23rd Congress in Vienna in 1966;

RECOGNISES the progress made in collaboration between co-operatives, nationally and internationally, during the last ten years as indicated in the report of the ICA Working Party on Collaboration between Co-operatives;

EMPHASISES the importance of closer collaboration for the expansion and development of the international co-operative movement through seeking out increased trade and other opportunities, organising joint ventures in developing and other countries, promoting contacts through exchange visits, improved communications, greater exchanges of publications, publicising examples of successful collaboration, thus contributing to the cause of social progress and strengthening of world-wide peace;

RECOMMENDS that research should be undertaken by co-operative organisations and academic institutions into ways and means of expanding such collaboration;

REQUESTS the Central Committee of the Alliance, in consultation with the ICA Auxiliary Committees, further to explore ways and means of expanding collaboration between co-operatives through conferences and seminars and to consider whether new arrangements should be made to ensure that collaboration is kept closely under review in the ICA;

CALLS UPON member-organisations to

do all they can to collaborate with other co-operative organisations to compete more effectively with monopolies and multinational corporations;

ASKS the Central Committee to report to the 27th Congress of the ICA in 1980 on progress made in the promotion of increased collaboration between co-operatives.

The PRESIDENT thanked Mr Klimov and Mr Harrison for their introduction to the debate and Mr Harrison for his very clear and constructive summing up. He also offered his thanks to the other members of the working party and others who had assisted them in their task.

Motions Proposed by Central Committee

Peace

The PRESIDENT said that the Central Committee had asked him to make a short comment on this motion. A great deal had already been said about Peace and it had been mentioned at each of our Congresses. This Congress was no exception. Mauritz Bonow had expressed everybody's opinion on this subject with courage and skill, and his speeches had been translated and published by the Alliance. There was no need to go over the arguments he had developed to show that without peace there could be no progress of any kind, particularly in the co-operative movement. It was well known that co-operative ideas were in themselves peaceful in intention, that they created the necessary conditions for long-term peace, and that without co-operation there could not be peace. The Alliance which grouped together millions of members from East, West, North and South had shown that it was possible to co-operate, to build together and to co-exist on a world-wide scale. It had shown that there was an alternative to systems based too much on competition and which promoted the wellbeing of the "haves" and discriminated against the "have nots". Through their daily work, co-operatives could set up a cli-

mate for mutual understanding in the field of international relationships. The world needed our co-operative spirit in order to survive, therefore co-operative voices must be heard. It was well known that through Co-operation economic and social relationships between nations could be developed in a peaceful way.

Peoples and governments throughout the world must be made aware that co-operatives wanted to build and not to destroy. This was the reason why at each Congress a motion on peace was proposed.

In the motion before Congress, the Central Committee had emphasised the dangers confronting the world, drawing attention especially to "countries practising policies of racialism, apartheid and fascism" as well as to the "great inequalities of wealth". The motion also requested that the Central Committee should "consider discussing what the UN had declared as the new social and economic order". Finally, it urged the United Nations "to convene urgently a World Disarmament Conference".

The motion thus faithfully reflected the desires of people throughout the world who had heard the United Nations urge disarmament upon the nations. Unfortunately, the people of the

world had been disappointed once again. Co-operators were also disappointed. But once again it had to be stated that peace must be earned and that co-operatives could create the necessary basis for peace. A philosopher had said that the ideas which changed the world had been born on small territories, and co-operators had to help the dove of peace in its flight.

Mr B. O'CARROLL, Irish Republic, pointed out that peace was the most important part of the co-operative movement and it should be put in the forefront of all co-operative activities. Ireland had a particular interest in its implementation: for over eight years there had been a conflict in part of the country which had resulted in thousands of deaths and maimings and thousands of people being imprisoned. There had also been millions of pounds worth of damage. This was still going on. It was now over seven years since the United Nations had shown any open interest in this conflict. In view of the Alliance's close collaboration with the UN, Irish co-operators would like to suggest to this Congress that the UN consider the possibility of setting up a commission to inquire into the origins and causes of the conflict, in the hope that it might put forward some suggestions for bringing it to an end. They did not blame anyone for this conflict or make any suggestions, but they wanted to state categorically that it was not a fanatical religious feud, as many had been informed.

It was hoped that this suggestion would be passed on to the UN showing the practical interest of co-operators in the establishment of peace. It would also help the co-operative movement in Ireland.

Mr N. THEDIN, Sweden, then asked that the question be now put, as there was a tradition in the ICA that at Congresses peace resolutions were adopted unanimously without discussion.

The PRESIDENT then moved the adoption of the proposal.

The proposal was carried unanimously.

RESOLUTION ON PEACE

The 26th Congress of the International Co-operative Alliance, representing 325 million co-operators in 65 countries with varied economic, social and political systems:

RECALLS that its Rules call upon member-organisations to work for the establishment of lasting peace and security;

REAFFIRMS the calls for peace adopted at previous Congresses as well as the resolutions adopted by the Central Committee in 1973 and 1975 in which the urgent need for a World Disarmament Conference and the dangers of the arms race were strongly stressed;

WELCOMES the decisions of the Conference on Security and Collaboration in Europe which created an atmosphere favourable to the promotion of economic, scientific, technical and trade collaboration between countries, independent of their socio-economic system;

BELIEVES that the implementation of steps to relax international tension is one of the most important conditions for the development and consolidation of friendly and business relations between national co-operative movements, irrespective of their social systems;

DECLARES that rivalry between countries for markets and investments and the growing power of multinationals to bring pressure on governments to enhance their own profit seeking interests constitute a potential source of conflict and threat to peace;

STATES that there continue to be regions of the world in which the seeds of tension exist, and that the threat to the peace and security of nations exists in a number of countries practising policies of racialism, apartheid and fascism;

NOTES with great concern, the existence of great inequalities of wealth;

EMPHASISES that co-operative forms of enterprise which serve the interests of the community, and a wider application of co-operative principles, with their emphasis on service, have a vital role to play in the development of a more equitable social and economic order;

REQUESTS

- (a) its member-organisations to mobilise public opinion in support of government policies aimed at reducing tension, caused both by the arms race and economic exploitation by the few, and the conclusion of a worldwide agreement to refrain from the use of force in international relations;
- (b) the ICA Central Committee to consider discussing what the UN has declared as the new international social and economic order, and to pursue this aim with the appropriate UN bodies;
- (c) the United Nations to convene urgently a World Disarmament Conference so that the massive resources for armaments could be diverted into constructive programmes of economic and social development.

The Tasks of the Co-operative press

Dr R. KOHLER, Switzerland, said that support should be given to the expansion of the co-operative press.

The Press Working Party under the excellent chairmanship of Mr Boniface had done a good job. A number of resolutions and suggestions had emanated from it and these corresponded with the motion now under discussion. What caused concern, however, was that there

were a number of organisations which, for reasons of economy, recessions and so on, had to reduce their budgets. It was unfortunate that in looking for economies they had cut down on expenditure on the co-operative press.

All those involved in the promotion of economic policies in the field of politics knew well that they could not work effectively without newspapers. An active press was essential to the co-operative movement. That was why he wished to appeal to all concerned with the co-operative movement not to eliminate the press from their budgets. He also wanted to appeal to those dealing with questions of finance: without good fertilisation one could not expect to have good crops; without sufficient funds the co-operative movement could not have a valid press.

Addressing journalists, editors and all who were concerned with the production of the co-operative press, Dr Kohler said that if this motion were adopted, co-operative journalists would be given the green light. This should motivate all concerned to be more effective.

Mr J. BIHARI L. KHACHI, India, pointed out that the dissemination of knowledge and of the good work done by co-operatives was very important, as such knowledge should be shared by their counterparts in other parts of the world. It was equally desirable that co-operative press and publications should not only aim at the higher levels but also percolate down to the regional level. Co-operatives could not afford merely to sit in an ivory tower.

The Indian delegation believed that news was of such great importance that an international co-operative news pool would be of great value. When the President of France inaugurated this 26th

Congress the story had been ignored by most of the world's press. The reason for this was that the monopoly press all over the world was not prepared to project news about the co-operative movement.

With co-operatives emerging as an economic force in the world in their own right, close neither to capitalism nor to State monopoly, it was only natural that there should be jealousies and acrimonious hesitation on the part of the world's monopoly press.

Mr Khachi appealed to Congress to decide on the setting up of an international news agency. It would then be possible to disseminate news of development and the good work done by co-operatives to other parts of the world through periodicals and daily newspapers.

The PRESIDENT pointed out that the idea of a co-operative news agency had been discussed at previous Congresses and it was likely to feature on future agendas. He then moved the adoption of the motion.

The proposal was carried unanimously.

RESOLUTION ON THE TASKS OF THE CO-OPERATIVE PRESS

The 26th Congress of the International Co-operative Alliance:

WELCOMES the resolution of the Conference on Security and Co-operation held in Europe with, *inter alia*, the aim of facilitating the freer and wider dissemination of information of all kinds, of encouraging co-operation in the field of information and improving the working conditions of journalists;

STATES that the co-operative press carries out its activity on all levels—local,

national and international; that organs of the co-operative press publish a vast range of information on co-operative matters and that there is a mutual exchange of co-operative periodicals and literature;

CONSIDERS that the co-operative press can play an important role in the development and consolidation of the international co-operative movement, in the improvement of ICA activity and in the promotion of social and economic progress;

DEEMS it necessary to make full use of the publications of the ICA and of the national co-operative organisations which are members of the ICA, in order to propagate the aims and methods of the co-operative movement, to define the place which the movement occupies in present-day social and economic life, and its role in the work for economic and social justice;

COMMENDS the constructive work of the ICA Working Party on Co-operative Press;

APPEALS to the ICA member-organisations to promote the publication of material which will acquaint co-operative members and the populations of their countries with the international co-operative movement, and with the activities of the International Co-operative Alliance.

Amendments to ICA Rules (1)

Dr A. RAUTER, Austria, introducing the Amendments to Rules stated that the Central Committee had considered these changes at length. He asked Congress to accept the amendments to the Rules and Standing Orders. The object of the amendments was to make the aims of the Alliance quite clear and to provide for more rapid decision making. The changes would allow Congress to work more efficiently than hitherto.

The proposal was carried unanimously (For text see page 299).

Motions Proposed by Member Organisations

Standards for non-food products

Proposer: Japanese Consumers' Co-operative Union, Japan.

Ms F. TAKEI, Japan, said that she was a member of the Board of the Consumers' Co-operative Union, chairman of the Women's Council and also a member of the Union's National Food Development Committee.

The motion had been designed to give additional weight to the Declaration of Consumers' Rights adopted at the 24th ICA Congress in Hamburg in 1969. Many people had pointed out the harmful substances contained in such things as detergents, drugs, shampoos, etc. and had shown that the environmental pollution caused by them had a bad effect on the human body. The FAO and WHO had jointly set up a Food Safety Standards Commission which had done fruitful work, such as defining safety standards. But for non-food items, such as those mentioned above, there were no international safety standards. Japanese co-operators were well aware of the risks involved when such items were being used, and they endeavoured to persuade manufacturers to make goods for sale in co-operative shops strictly to their own specifications.

Some detergents had caused eczema and rough skin on hands and had also caused pollution of underground rivers. Because of this a new "Co-op" detergent for laundry and kitchen use had been produced, as well as a shampoo of very high quality.

The tests necessary to establish harmful matter were costly in time and money and they could hardly be carried out by

one co-operative movement. In order to protect people's health, such tests should be undertaken at the international level or at the highest level in the respective countries. More information about the results of such tests should be exchanged.

An amendment to the motion had been proposed by KK, Finland, which had the support of the proposers of the motion.

Mr F. CUSTOT, France, pointed out that the fact that the motion had been presented by the Japanese consumer co-operatives was especially valuable in view of the Japanese experience of environmental problems. It was well known that the monopolistic capitalist industry had put enormous obstacles in the way of dealing with this matter, and had been responsible for mercury pollution in Minematta Bay.

There was one point which should be stressed in this context and that was that all consumers should have access to all information concerning not only goods and services, but also what was being done to ensure consumer protection. In many countries there was a policy of administrative secrecy which prevented people from having access to vital information which might be of interest to them. The Alliance could make a useful contribution towards stopping this policy of secrecy, especially by stimulating an exchange of information. Co-operators of every country should be able to acquire the means of influencing economic life and of participating in a democratic way in the decision-making process.

**The proposal was carried unani-
mously.**

RESOLUTION ON STANDARDS FOR NON-FOOD PRODUCTS

The 26th Congress of the International Co-operative Alliance:

RECALLS the declaration of consumer rights adopted at the 24th Congress of the ICA in 1969, in which it was declared that consumers have a right to:

- (i) a reasonable standard of nutrition, clothing and housing
- (ii) adequate standards of safety and a healthy environment free from pollution
- (iii) access to unadulterated merchandise at fair prices and with reasonable variety and choice
- (iv) access to relevant information on goods and services and to education on consumer topics
- (v) influence in economic life and democratic participation in its control;

REGRETS that more progress has not been made in implementing this declaration;

VIEWS with alarm the increasing use of toxic substances in non-food products such as detergents, drugs, shampoos, etc; the increasing pollution of the environment by the discharge of poisonous substances all of which are harmful to mankind;

INSISTS that such use should be strictly controlled;

COMMENDS the Food and Agricultural Organisation (FAO) and the World Health Organisation (WHO) which, in the field of food products have established a Food Safety Standards Commission, in order to develop adequate safeguards which will protect consumers;

REQUESTS the World Health Organisation, International Standards Commission, and International Electrical Commission to set up a similar commission for non-food products in order to establish uniform safety standards;

URGES ICA member-organisations to pioneer consumer safety in their own production and trade, and in collaboration with appropriate consumer groups, to influence their national governments to support the introduction and strict application

of safety standards regarding toxic substances in non-food products, and generally to support measures on consumer protection;

REQUESTS the Organisation for Co-operative Consumer Policy and member-organisations to pursue more vigorously the implementation of the ICA's declaration of consumer rights;

ASKS member-organisations to ensure greater exchange of information concerning the results of tests in this field in co-operative laboratories.

Technical Assistance and Co-operative Housing

Proposer: HSB:s Riksförbund and Svenska Riksbyggen, Sweden.

Mr A. JOHANSSON, Sweden, stated that the ICA Housing Committee since its inauguration had been representative of housing consumers and had tried to make the public and the various United Nations agencies at all levels aware of the deeply felt need for good housing.

Although the motion had been proposed by the two Swedish housing organisations, it had the full support of all the members of the Housing Committee, now numbering 26 national movements. However, an auxiliary committee was not entitled to present any motions on its own behalf.

It was deeply felt within the co-operative housing movements that higher priority should be given to the provision of housing, particularly in the developing countries. This process was a very complex one, because it dealt not only with housing, but also with the infrastructure of society as such, as had been manifested at the United Nations World Conference "Habitat" held in Vancouver, referred to earlier.

Mr W. J. CAMPBELL, ICHDA,

informed Congress that the motion presented by the national Swedish housing organisations, and adopted by the Central Committee at its meeting in Sofia, had been presented to the UN Conference on Habitat in Vancouver as part of the ICA statement made to that 134-nation conference. It had been received favourably and was now in the machinery of the UN programme.

It was of very great importance that co-operators urged higher priorities for housing programmes within national organisations and also that co-operative housing be given a higher priority in the United Nations programmes. It was also important to note that a large number of co-operative housing organisations had formed the International Co-operative Housing Development Association (ICHDA) and that housing programmes were under way in a number of countries. It was particularly pleasing to know that the Government of Finland, at the request of the co-operative housing organisation in Finland, had provided funds to send a full-time adviser on co-operative housing to be attached to the Economic Commission for Africa.

It was also important to note that the first grant from the United Nations Capital Development Fund had been used to finance a full-time adviser for a pilot project in Lesotho, South Africa, and that other programmes were moving forward rapidly. There was one additional item which should be brought to the notice of Congress and that was that the Board of Directors at its recent meeting had decided to re-locate the offices of ICHDA at the ICA headquarters in London.

The proposal was carried unani-
mously.

RESOLUTION ON TECHNICAL ASSISTANCE AND CO-OPERATIVE HOUSING

The 26th Congress of the International Co-operative Alliance,

NOTES THAT a recent world housing survey shows that housing conditions particularly in the developing countries, are deteriorating alarmingly and that problems of overcrowding and intolerable sanitary conditions are acute and that related services are unsatisfactorily provided, if they at all exist;

STATES that the new production of houses, quantitatively and qualitatively, as well as modernisation of the old stock of housing are not given proper priority in the national economies in which the building industry, being labour intensive, plays a vital role;

WELCOMES the convening by the UN of a World Conference on Human Settlements in Vancouver, Canada, and

ACCEPTS the principles and recommendations of the conference requesting governments to give increased attention to the problem of Human Settlements, particularly in the developing countries;

REAFFIRMS that the provision of housing for the great majority of people has not been met satisfactorily;

DECLARES that co-operative methods have proved to be most beneficial for the solution of the housing problem in the developed countries, involving the betterment of the quality of housing and the application of democracy in the provision of housing, and

EMPHASISES that co-operative methods should be extensively applied in the housing programmes of both developed and developing countries;

ASKS governments to make available funds for housing co-operative programmes and that in bi-lateral assistance programmes countries with experience in co-operative housing make this available and devote a bigger share of their assistance funds for development of co-operative housing;

REQUESTS the UN to give a high priority to the solution of the housing problem throughout the world particularly in the light of the recommendations of the conference on Human Settlements; and to that end,

FURTHER REQUESTS the UN to set up a special division to handle co-operative housing development in its Human Settlements programme.

Co-operatives and Multinational Corporations (Motion withdrawn)

Mr V. MAGNANI, Italy, informed Congress that the representatives of the three Italian co-operative movements had discussed the proposed motion on Co-operatives and Multinational Corporations, as well as the amendments, with the Congress Committee.

The ICA had appreciated the spirit behind this proposal, because it was essential that a conference of the co-operatives within the EEC should be held. However, it had been decided to withdraw the proposal, although the proposers hoped that their initiative would be taken up at an opportune moment, and that the governing bodies of the Alliance would see that such conference took place.

Tourism and the Co-operative Movement

Proposers: Fédération des Coopératives Chrétiennes, Belgium; Fédération Belge des Coopératives, Belgium.

Mr A. HAULOT, Belgium, pointed out that it was in 1936 that European workers had obtained for the first time a week's holiday by legislation. They had fought hard for this. Forty years later, in 1976, tourism had become an integral part of the lives of the great masses of people in the industrialised countries.

The week's holiday of 1936 had now become a month's holiday. Hundreds of millions of people, including vast numbers of co-operators and consumers throughout the world, spent a tenth of their time travelling for pleasure. It had become a necessary outlet for each one of them.

Despite economic problems and inflation, tourism had continued to increase in 1976. It had involved the sum of \$35 billion, as millions of people had travelled throughout the world.

But how had this need been met? It had to be remembered that young people and senior citizens did not have much money at their disposal, and their needs had been met first and foremost by co-operatives and trade union movements, together with educational organisations. Too often, however, people were involved in a betrayal of tourism because of the emphasis on profit by private operators. When badly understood and badly organised, tourism could destroy the environment and basic human values. Developing countries were also at risk. They became the victims and did not benefit from tourism, which was often only organised for the benefit of financial speculators.

It was well known that the co-operative movement in many countries was deeply involved in tourism. One could cite Sweden, Switzerland, Belgium, France and the Eastern European countries. But what had been achieved was very little when one considered the size and nature of the problem as it developed from year to year. An attempt should be made to deal with this problem at the international co-operative level. There must be co-ordination and co-operatives must ensure that consumers were helped

in every possible way. The needs of consumers must be studied in the true spirit of international Co-operation. A great deal had already been done and was being done by the International Bureau of Social Tourism which Mr Haulot represented.

The International Federation of Popular Travel Organisations was world-wide and had 14 years experience in the field of tourism, of which Belgian co-operators had been able to take advantage. They hoped that the Alliance would become fully aware of the importance of tourism and leisure activities and become a dynamic force for the encouragement of tourism at the international level.

Mr H. IDEI, Japan, said that it was unfortunate that in many of the ICA's member countries the tourist business was in the hands of private enterprise and was run on commercial lines.

The National Travel Association of the Japanese agricultural co-operatives had been established in 1967, with the aim of providing tours at reasonable cost and raising the cultural standards of member farmers. It was obtaining excellent results, and attempts were continuously being made to improve its services and make its work more successful. Further studies were required on how tourist organisations could be set up by co-operatives.

The proposal was carried unanimously.

RESOLUTION ON TOURISM AND THE CO-OPERATIVE MOVEMENT

The 26th Congress of the International Co-operative Alliance,

AWARE of the growing tourist needs of the population and concerned that this need will constantly increase during the next decades;

CONCERNED about the results that could follow in certain countries if this vital sector of the economy is left to private capitalist type organisations;

DELIGHTED that co-operative achievements in many countries confirm the ability of the co-operative movement to engage in such activities;

CONVINCED of the essential role that the co-operative movement plays in taking the interests of the consumer into consideration and of the solutions it offers to the problems now facing the development of social tourism at the international level;

UNDERLINES the great benefits which could result from a closer collaboration between co-operatives in this field;

APPEALS to all co-operative movements to contribute to the development of popular tourism by working as closely as possible with all organisations (trade unions, mutual societies, etc.) wishing to develop a high standard of tourism available to all;

RECOMMENDS that all the movements at present active in tourism better co-ordinate their activities within the ICA by setting up as a first stage, a working party, which could study methods of collaboration, first inter-cooperative and then with the International Bureau of Social Tourism (BITS) and the International Federation of Popular Travel Organisations (IFPTO).

Conference on European Security and Co-operation held in Helsinki

Proposer: London Co-operative Society Limited, United Kingdom.

Mr J. LAYZELL, United Kingdom, introducing the motion said that it was evident that the agreements reached by the governments at the Conference on European Security and Co-operation in Helsinki in 1975, now known as the Helsinki Declaration, were brought about by the pressure of millions of ordinary people upon their governments.

The urgent need now was for people to

become aware of the agreements made in their names. The co-operative movement throughout the world had to accept the responsibility of making sure that at least the members of its own organisations were made aware of their content. Despite the pledges given in the Final Act—"The text of this Final Act will be published in each participating state, which will disseminate it and make it known as widely as possible"—many governments had only printed a few thousand copies of the Act. Others, particularly the governments in the Socialist countries, had printed millions. In Britain the English edition of the Moscow News had printed more copies of the Final Act than the government.

The London Co-operative Society had published for free distribution a pamphlet giving the main details of the agreements, and had issued posters for display in its shops and at members' meetings drawing attention to the Helsinki Declaration. But this was only a very small contribution. Many people were still unaware of the main points. They had a right to know the pledges given in their name and a duty to see that they were carried out by their respective governments. The implementation of the Declaration would open the way for resources to be diverted from huge armaments budgets to peaceful and trust-creating forms of international Co-operation.

Even today there were people who had committed their interests and political careers to keeping alive the Cold War, who demanded bigger arms budgets, sought to stir up mistrust and disagreement instead of seeking agreement and promoting trade to the mutual benefit of all. For the sake of the children of all

countries, whatever their creed or colour, the Cold War warriors must be defeated.

The words of friendship contained in the historic Helsinki Declaration must be made to ring out all over the world. Only when the ordinary people of all countries understood the Helsinki agreements could one be sure that steps would be taken by governments to implement them, so that at long last the resources of the world might be used for construction instead of destruction.

The proposal was carried unanimously.

RESOLUTION ON THE CONFERENCE ON EUROPEAN SECURITY AND CO-OPERATION HELD IN HELSINKI

The 26th Congress of the International Co-operative Alliance,

WELCOMES the agreements reached by governments at the Conference on European Security and Co-operation held in Helsinki in 1975;

CALLS on member-organisations of the International Co-operative Alliance and all interested public bodies to take all steps to publicise these important agreements and to work for their implementation.

Women and the Co-operative Movement

Proposers: Union Centrale des Coopératives, Bulgaria; Ustredni Rada Druzstev, Czechoslovakia; Verband deutscher Konsumgenossenschaften, German Democratic Republic; National Council of Consumers' Co-operative Societies, Hungary; National Council of Industrial Co-operatives, Hungary; National Co-operative Council, Hungary; National Council of Agricultural Co-operatives, Hungary; Central Agricultural Union of "Peasant Self-Aid" Co-operatives, Poland; Central Union of Building and Housing Co-operatives, Poland; "Spolem" Union of Consumer

Co-operatives, Poland; Central Union of Work Co-operatives, Poland; Supreme Co-operative Council, Poland; Uniunea Centrala a Cooperativelor de Consum, Romania; Uniunea Centrala a Cooperativelor Mestesugaresti, Romania; Uniunea Nationale a Cooperativelor Agricole de Productie, Romania; Centrosoyus, USSR.

Ms H. LEMBKE, German Democratic Republic, pointed out that the motion dealt with the problems confronting women in the modern world and outlined the contribution the Alliance could make in this respect.

During International Women's Year a World Congress had been held in Berlin. In order to support the work of the Women's Auxiliary Committee of the ICA the consumer co-operators of the GDR wished to present two films, one in English and the other in French, depicting the activities of women throughout the world.

Ms P. PROWSE, Canada, referred to a story which had been told to her by one of the Swedish co-operators. His mother, one of the prime movers in the establishment of the first co-operative in her community over half a century ago, had been visited by some of the local men who wanted to recognise *her* services by trying to get *her husband* elected to the board of directors.

Looking around this assembly one would be tempted to think that things had not changed in the past half century. Women co-operators had paid their own way in order to come to Paris to attend the Women's Conference and sit in the visitors' gallery during Congress. These were dedicated co-operators—women who were making a fine contribution to the co-operative movement. Why were they not sitting in the body of this hall among the delegates? Why was it that,

notwithstanding the advances which had been made in the emancipation of women and their integration as equal partners in the political, economic and social life of their countries, they had still not penetrated in any significant way into the real power bases of business, of the civil service, of government, or even of co-operatives? This was true of every country in the world, including those who claimed to have achieved complete equality of sexes.

If one considered the reason for this situation, it was easy to see that if there were 50 per cent representation by women, half the gentlemen would not be here! This was the crux of the problem. Neither men nor women liked to step aside to give others the opportunity to share power and responsibility. Those who were on the wrong side of 50 were not anxious to step aside to give youth a chance to participate in executive positions. The people of the developed nations, particularly in North America, did not willingly take less in order to share power and resources with the developing nations.

It was easy to pay lip-service to sharing and to pass resolutions, but even co-operators were not always ready to face the fact that a greater degree of sharing inevitably entailed a giving up on someone's part, a stepping aside to achieve the goal of an equitable sharing of power and resources.

Ms Prowse said that she supported the motion with some reservations, because there was a danger that women might be building for themselves a parallel organisation to the Alliance. Some men might be content with this development, because it would give them a chance to remain entrenched in their policy-

making and handling of the basic important decisions of the Alliance and its member organisations, without reference to the aspirations of women. That would be a great tragedy. If we were to mobilise the energies of the people for the development of joint co-operative action for the benefit of the community in all the countries of the world, men and women together must build up the co-operative movement in a spirit of harmony and sharing.

Ms C. RYFFEL, Switzerland, said that as a member of the Women's Committee she was particularly interested in this problem, which was still a very obvious one, based on historical development and on the development of society throughout the world. Women were being discriminated against everywhere. They did not get the same wage for the same work. There were obvious differences between men and women and their capacity for work, but these were determined by society. It was difficult to bring about change. Therefore a new awareness had to be promoted, because a struggle for the recognition of new values and for a more equal society was going on. A more co-operative society had to base itself on a new reality, which would mean a complete transformation of the sense of values.

The time was now ripe for such transformation, because the historical development had reached a point where people had control over their environment. The old methods of repression had become obsolete and were no longer required in order to maintain society.

Women must participate in this new reality. Therefore she welcomed the motion, because co-operatives had a great task facing them, and a great many

discussions would have to take place. It was valuable that the Alliance should make a contribution towards gaining equality for women and the full integration of women in the decision-making policy of the ICA. Women should commit themselves to these new realities and prepare the road for their sisters. Everything women co-operators do must be seen as something of great value in the interests of women. All of us wanted to see women becoming equal in all countries and, in particular, in all decision-making bodies of the ICA. The task of the Women's Committee was to achieve these aims.

Mr N. MIHAI, Romania, did not speak to the motion due to shortage of time, but requested that his comments be included in the Report.

The great success achieved during the 32 years since the liberation of Romania is the result of the self-sacrificing efforts of the Romanian people, among which millions of women in the country are making an important contribution.

It must be borne in mind that more than 80 per cent of the female population represent an active work force. Amongst those who have completed middle-grade studies half are women, and they form one third of the people who have completed higher education.

In the three co-operative organisations, women make an important contribution towards the consolidation of co-operatives and towards increasing their revenue. It is for this reason that more and more women are elected to managing bodies and other responsible offices. Within agricultural production co-operatives, 28 per cent of the members of boards of management are women and in 98 per cent of agricultural co-operatives the post of vice-president is occupied by a woman; in 199 co-operatives a woman has been elected President.

Various problems concerning the work and life of women in Romania have been

solved satisfactorily, for example: salaries are the same as for men, there is paid maternity leave, paid leave for temporary incapacity to work, child allowances and free medical and hospital care.

These are some of the concerns of the Romanian co-operatives with regard to the Resolution under discussion. We shall do all in our power to make women aware that they can and should participate in the management of co-operatives, in more intense activity in the economic and social fields.

In future the three co-operative organisations in Romania will increase their activities for the education of women co-operators in the spirit of internationalism, in the spirit of the principles of equal rights, to teach them respect for independence and national sovereignty and to renounce the use of force and the threat of force, the principles which form the basis of party policy and of the Romanian Government.

The proposal was carried unanimously.

RESOLUTION ON WOMEN AND THE CO-OPERATIVE MOVEMENT

The 26th Congress of the International Co-operative Alliance,

NOTES that the International Women's Year proclaimed by the United Nations for 1975 has created a growing awareness all over the world of the fact that the difficulties facing mankind—hunger, injustices, threats to environment and peace—cannot be overcome without the participation and contribution by women;

EMPHASISES that in a number of countries, discrimination against women still remains one of the most acute problems, preventing women's active participation in all spheres of life in society, and in the co-operative movement;

STRESSES the importance of fact-finding research into the situation of women as basis for action;

EMPHASISES the need for co-operative organisations to participate in the struggle

for full equality for women in the political, economic and social life of all countries;

URGES co-operative movements to increase activities aimed at attracting women into both the economic and social activities of the co-operative movement, including the development of co-operative education, family planning, cultural activities, etc.;

DRAWS ATTENTION to the necessity of revising legislation and bye-laws in countries where these hamper women from full membership and participation in the management of societies;

CONSIDERS it necessary for national co-operative movements to expand their activities by the exchange of delegations of women co-operators, and by holding national, regional and international seminars, conferences and symposia;

RECOGNISES the important role of the ICA's Women's Committee in promoting actions of women and for women, including working relations with other ICA bodies and international organisations; and therefore,

RECOMMENDS strengthened support for the committee in its work for equality, development and peace.

Amendment to Rules (2)

Proposer: Organization of Cooperatives of America.

The PRESIDENT introduced the amendment concerning the use of Spanish as an official language of the ICA.

Dr M. R. DOMPER, OCA, wished to emphasise the important contribution to the world-wide co-operative movement that could be made by the co-operatives of Latin America where Spanish was the language of the people. There were millions of co-operators in organisations in Latin America, of which more than 20 were members of the Alliance. By making Spanish one of the official languages of

the ICA the importance of this contribution would be recognised, and the ICA would have a more universal character as the voice of the world-wide co-operative movement. It would be unfortunate if the millions of Spanish speaking co-operators were to continue to be limited in their opportunity to participate in the work of the ICA. It was clearly time to establish the increased integration of Latin American co-operators with the ICA. This would, of course, mean additional cost to the ICA in the provision of translation and interpretation, but this additional cost should be more than covered by the additional revenues which would accrue to the ICA from an increased membership.

Mr A. VAINSTOK, Argentina, explained that his delegation was supporting the motion because they had very rarely come across a motion which had more impact than the one under discussion. Spanish was spoken by a vast number of people in the world—some 4,000 million. The *Review of International Co-operation* was already being produced in Spanish and was being distributed from Buenos Aires to all Spanish-speaking countries. For more than 20 years co-operators in Latin America and other Spanish speaking countries had asked that Spanish be adopted as an official language of the ICA.

This 26th Congress in Paris had the historic opportunity of adopting this Resolution. It would be a great step forward for the ICA. It would ensure greater justice and a greater membership for the ICA in a large part of the world.

Dr L. SCHUJMAN, Argentina, expressed the hope that Congress would agree to give Spanish official status in

the ICA. If the motion was adopted it would help to put more life into the ICA's long-term programme of work which had already been adopted here.

Many of the Spanish-speaking people were at present going through very difficult times, with obstacles in their way, as they tried to obtain economic development within the framework of independence and social justice. There was general concern about human rights. In places such as Peru and Panama, new forms of co-operatives and social ownership were being tried. The Spanish-speaking people needed to be able to express themselves within the world co-operative family and to create conditions for economic progress, solidarity and collaboration between co-operatives. If the motion was adopted it would be a real contribution towards peace and human understanding.

Mr R. MORROW, United States, who was working in Latin America, pointed out that there were more than 50 million co-operators in Latin America who wanted to be in a position to share in the experiences of their fellow co-operators. There was a very lively co-operative movement in Latin America.

He strongly supported the use of Spanish as an official language of the ICA, but realised the budgetary consequences. It was, however, essential for the ICA and for the future of the co-operative movement that Spanish be named as one of the official languages. From a business point of view, it would be like a sales promotion, because over a period of years the additional membership which would be brought into the ICA would much more than meet the extra cost.

Mr G. R. GAY, United Kingdom,

said that it seemed to him, without being completely against the proposition, that the Central Committee and this Congress were entitled to a more detailed examination by the Executive Committee of the implications, particularly the financial ones, before perhaps too lightly accepting this motion. Dr Saxena, at the meeting of the Central Committee, had given the impression that, even if the motion was carried, there were practical difficulties of one kind or another which might put back the implementation of the motion for some considerable time.

In view of the motion already adopted by Congress concerning the long-term programme and its financial implications, it would have made more sense to ask the Executive Committee to look at this matter after the ad hoc committee on ICA finances had reported at the next meeting of the Central Committee.

Drawing attention to the paragraph dealing with the *Review of International Co-operation*, Mr Gay pointed out that in the interests of economy, the publication of the Review in German had now ceased. The Review was being published in English, French and Spanish. The Spanish edition was now in its ninth year. It was rather peculiar to argue, on the one hand, that the demands of economy forced the ICA to drop one language, and on the other to undertake additional commitments language-wise.*

He regretted to say that the Executive Committee and perhaps the Central Committee were not being as responsible

*The Spanish edition of the *Review* has always been produced by INTERCOOP Editora Cooperativa (Buenos Aires) without cost to the ICA. During its first four years, production was partly subsidised by the Austrian Co-operative Movement. — Edit.

in this matter as they should be. In view of the present financial position, this matter should have been thoroughly researched and an authoritative statement issued from the Executive Committee explaining exactly what all this implied. Mr Söiland had pointed out how very limited were the ICA resources in comparison with what needed to be done. Dr Saxena when summing up at the end of the discussion had said that unless the financial basis was put right, what had been said there the previous morning could turn out to be so much hot air.

The accounts made clear that, if it were not for the magnificent special financial contribution of the Swedish co-operative movement, the Alliance would be in very serious financial trouble.

If the motion was accepted, those who supported it should do so with their eyes open and be prepared to meet this additional commitment. But it might be more sensible if the motion were remitted to the Executive for a full report.

Mr S. DREYER, USA, presenting the point of view of the Executive Committee, said that the Committee had recommended this amendment. While it was for Congress delegates to decide whether Spanish should be an official language of the ICA, Article 5 of the Rules stated that "it shall be for the Central Committee or the Executive Committee to decide to what extent each language shall be used".

The Executive Committee did not intend to spend resources unless it secured them. The cost factors involved in all the ICA's programme had to reflect a cost benefit analysis. The Executive Committee felt that the potentials in adopting Spanish as an official language

of the ICA might advance the purpose and cause of the ICA in the Latin American and Spanish-speaking countries to a greater extent than any costs which might be incurred. The Executive Committee had made its recommendation after sober reflection on the consequences of the overall long-term programme.

Through the contribution of the Spanish-speaking movements themselves, the proceedings of this Congress were being interpreted in Spanish—at no cost to the ICA. This was a major factor in the record attendance at Congress from Spanish-speaking countries, and it was a very good example of how the financial problems might be overcome in regard to this amendment.

A great deal had been done to date by the ICA and its affiliated members to improve communications. The Austrian co-operative movement had inaugurated the translation of the ICA Review into Spanish. Other movements might be willing to add to this possibility. But the passage of the amendment would place responsibilities on the Spanish-speaking co-operators as well, including vigorous financial support of the ICA which would hopefully more than cover the cost of any language efforts. There was also the responsibility of promoting support for the ICA throughout the Spanish-speaking world. It would fur-

ther require Spanish-speaking friends to have patience in limiting their requests for the use of Spanish until such time as the cost benefit was significant in regard to the ICA's goals.

A number of people here did not speak any of the official languages of the ICA but through their own efforts made it possible to report to Congress on their activities. Those who spoke Spanish should on most occasions bear this same responsibility.

Mr Dreyer expressed the hope that Spanish-speaking friends would appreciate the interest and support expressed by the Executive Committee in urging support for the amendment. The ICA was extending the hand of Co-operation in this gesture in a sincere desire for improved communication and association with over 50 million Spanish-speaking co-operators. How much it would be possible to do would depend on the finances of the ICA and on what additional resources might become available, but the Spanish-speaking co-operators must meet the challenge to work effectively with and within the ICA, to become vigorous partners for progress in the Alliance through their participation in the Auxiliary Committees and through their own financial support.

The proposal was carried. (For text see page 299).

VOTE OF THANKS

Mr P. SØILAND, Norway, said that this was not the time to evaluate the Congress and its work. Very many difficult issues had been dealt with. Very many good speeches had been heard and there had been some long debates. Not

everything that had been said could be agreed by everybody. Nevertheless he had the strong feeling that the 26th Congress of the ICA had been an inspiring event and a positive one.

During the Congress it had been demonstrated that there was a growing

interest in collaborating in the promotion of Co-operation all over the world.

Thanks were due to the French co-operative movement for all it had done. It was well known what a burden it was for any movement to take upon itself an arrangement such as this. It was not only a considerable financial burden, but also a great deal of practical work had to be carried out. Thanks were also due to the French Welcome Committee under the chairmanship of Mr Antoni and to all their French colleagues who had contributed in making the previous evening such a magnificent success.

Then there was one special person whom all wished to thank—the President. He had been sitting on the platform from the beginning of the proceedings in the morning until the very end in the evening. All assembled here would agree that he had conducted the Congress in an excellent way.

DATE AND PLACE OF THE 27TH CONGRESS

The PRESIDENT announced that Mr Klimov had extended an invitation to hold the next Congress in Moscow in 1980.

The invitation was accepted with acclamation.

Mr A. P. KLIMOV, USSR, expressed his thanks to the Director of the Alliance, the President of the Alliance, to all members of the Secretariat and all others who had helped to make this Congress a success.

When one evaluated what had been said in these past days, it seemed that the deep conviction could be shared by all that some very useful work had been done at this Congress. It was most important for all those who were working

for the future of mankind to remember that co-operators had to continue to collaborate. This Congress had shown the importance of collaboration over and over again. There was need to collaborate in a practical way.

The Congress had been a useful one for the co-operative movement as a whole. Consideration had been given as to how the co-operative movement could become a more useful instrument in present-day society and more effective in a complicated world. It had to be realised that there were some deep economic, political, national and international conflicts to solve.

The ICA had been able to perform a noble role as an international organisation throughout the world. Co-operators had met here in order to promote actively the aims of Co-operation. They would continue to work together shoulder to shoulder against the threats which menaced mankind today. This was the spirit which had emanated from this Congress. Delegates must have the determination to match their words with actions, so that the cause of the ICA could be helped. In a spirit of unity and collaboration co-operators must defend the economic and social rights of the common people. This was surely their aim. They could so easily be exploited by monopoly capital. It had been evident in this Congress that “united we stand, divided we fall.” Co-operators must work together to further the aims of democracy and to make a better future for mankind.

The Congress had stressed the importance of the social progress of mankind. It must be our aim to try to improve the lot of all the working people in the world, and to this everyone would make his own

particular contribution. Co-operators were prepared to defend their interests and the Congress had shown this.

Co-operators had also in an inspiring way made their contribution towards the struggle of all people for peace in the world. This struggle must be continued. A great deal of work had been done, but much remained to be done. The co-operator's burden was never a light one. He had to overcome many obstacles. It was a great task in which they must work together. He expressed the hope that the ICA would not waste its energy but would instead unite its forces so that it might prove equal to its great task.

The success of the Congress had been of great help to the national organisations represented here and to delegates. He once again paid tribute to all those who had helped to make this Congress a success, in particular to the President, Mr Roger Kerinec.

Co-operators might have their differences, but in general they represented a great united force in the world working for democratic principles. The Soviet co-operators would continue to make their

contribution. At times it was difficult to reconcile different views, but resolutions had been adopted even unanimously. They had been good resolutions and now it remained for all to put them into action.

Mr Klimov called on delegates to play their particular part in implementing the activities of the ICA as set out in the Programme of Work and he expressed the hope that by the time Congress was held in Moscow they would all have played their full part in realising these aims.

The PRESIDENT paid tribute to the members of the Executive Committee who were leaving, Mr W. B. Melvin, Mr M. Marik, and Prof. P. Lambert. He thanked the official interpreters and the verbatim reporters for their efficient services throughout Congress. He further expressed his thanks to the Director and General Secretary of the ICA for their collaboration and all the delegates for having facilitated his task as President of this Congress.

The President then declared the Congress closed.

AMENDMENTS TO THE ICA RULES

Article 1. Name

Delete second paragraph, parts of which are incorporated in amendment to Article 3 below.

Article 3. Objects

Insert new first paragraph, being the former second paragraph of Article 1, with additions, as follows (new text in italic):

The International Co-operative Alliance, *uniting co-operative organisations of various social and political orientation and of differing socio-economic systems*, in continuation of the work of the Rochdale Pioneers, and in accordance with Co-operative Principles, seeks, in complete independence and by its own methods, *and in collaboration with organisations which pursue aims of importance to co-operation*, to substitute for the profit-making regime a co-operative system organised in the interest of the whole community and based upon mutual self-help.

Existing text of Article 3 to become new second paragraph.

Article 5. Official Languages

After the word "Russian" in line 1, insert "and Spanish".

New text to read:

English, French, German, Russian *and Spanish* shall be the official languages of the ICA. It shall be for . . .

Article 9. Applications for Membership

Second paragraph to read (new text in italic):

Organisations of the types mentioned in sub-sections (c), (d), (e), (f), (g), (h), (i), and (j) of Article 8 shall apply through *their appropriate* national union or federation of their respective country, if such union or federation is already in membership with the ICA.

Article 24. Motions

In paragraph (a) delete the word "six" and substitute "seven".

Paragraph (a) to read (change in italic):

All motions and resolutions of affiliated organisations to be included in the Provisional Agenda issued under Article 19 shall be sent in writing to the Executive at least *seven* months before the date of the Congress.

Article 27. Central Committee

Delete last paragraph and substitute:

The Women's Auxiliary Committee, having superseded the Women Co-operators' Advisory Council, shall be entitled to one representative and one vote.

Article 28. Duties of the Central Committee

After sub-paragraph (f) insert new paragraph (g) as follows:

- g. To discuss reports and problems of interest to the international co-operative movement, and to adopt resolutions, declarations and appeals on them.

Re-number existing sub-paragraphs:

(g), (h), (i), (j), (k) as (*h*), (*i*), (*j*), (*k*), (*l*) respectively.

Article 31. Executive

At the end of the first paragraph, add “by secret ballot”.

First paragraph to read (new text in italic):

The Executive shall consist of the President, two Vice-Presidents, and thirteen other members elected by the Central Committee from amongst its members during or immediately after each Congress *by secret ballot*.

Obituary



LORD RUSHOLME

The "grand old man" of the Co-operative Movement of the United Kingdom, Robert Alexander Palmer (Lord Rusholme) died on Thursday, 18th August 1977, aged 86.

Lord Rusholme served the International Co-operative Movement at a most critical time in its history, carrying the burden of ICA Presidency; when communications between the then President Mr Tanner of Finland and the ICA membership were cut during the war, Lord Rusholme, as Vice-President, was elected Acting-President during the dark years of World War II. At the ICA Congress in Zurich in 1946, Lord Rusholme was elected ICA President, but in consequence of his appointment to the British Transport Commission, he was not available for re-election after the ICA Prague Congress in 1948. From 1930 to 1948 he was a member of the ICA Executive and Central Committee. A life-long co-operator, a General Secretary of the British Co-operative Union, he served his country and his country's co-operative movement with distinction. Also, as a publicist for world co-operation his pamphlet of that title in 1937 helped greatly to make the ICA's Work and Objects known.

He chose as his motto, on entering the British House of Lords (as one of the first Co-operative Peers) "The World is my Province", and the co-operative world has always been that for him, and it is with profound thanks for his life that we at the ICA pay our great respect with affection and mourn his passing.

J.H.O.

The International Co-operative Alliance

11 Upper Grosvenor Street, London W1X 9PA, U.K.

Tel: (01) 499 5991

Director: Dr S. K. Saxena

**Regional Office and Education
Centre for South-East Asia**
Bonow House
PO Box 3312, 43 Friends Colony,
New Delhi 110-014, India
Tel: 631541 632093
Regional Director:
Mr P. E. Weeraman

**Regional Office for
East and Central Africa**
PO Box 946,
Moshi,
Tanzania
Tel: 4706
Regional Director:
Mr Dan Nyanjom

Affiliated Organisations

ARGENTINA

Federación Argentina de Cooperativas de Consumo, Avda. Suárez 2034, Buenos Aires. Tel. 28-5381/3.

Intercoop Editora Cooperativa Limitada, Alberti 191, Buenos Aires. Tel. 47 21 49.

Asociación Argentina de Cooperativas y Mutualidades de Seguros, Avenida de Mayo 1370, Piso 1°, Buenos Aires. Tel. 33-0222/7138.

Federación Argentina de Cooperativas de Crédito Ltda., Pueyrredon 468, 2° Piso, Buenos Aires (RC 24). Tel. 86-6283.

Asociación de Cooperativas Argentinas, 25 de Mayo 35, Buenos Aires. Tel. 30-8741. Telex BA 012-1876.

Confederación Cooperativa de la República Argentina Ltda. (COOPERA), Moreno 1729, Buenos Aires.

Instituto Movilizador de Fondos Cooperativos, Urquiza 1394, Rosario. Tel. 44223.

AUSTRALIA

Co-operative Federation of Australia, P.O. Box 347 Canberra City A.C.T. 2601 Tel. 062-48 7816.

AUSTRIA

Zentralkonsum Österreich GmbH Theobaldgasse 19, A-1061 Vienna VI. Tel. 57-75-38.

Österreichischer Verband gemeinnütziger Bau-Wohnungs- und Siedlungsvereinigungen, Bösendorferstrasse 7/11, 1010 Vienna. Tel. 65-71-63; 65-13-25.

Österreichischen Raiffeisenverband, Hollandstrasse 2, 1020 Vienna. Tel. 26 360.

BANGLADESH

Bangladesh Jatiya Samabaya Union, "Samabaya Sadan" (1st floor) 9/D- Motijheel Commercial Area, Dacca 2. Tel. 255846.

BELGIUM

Fédération belge des Coopératives (FEBECOOP), 26-28 rue Haute, 1000 Brussels. Tel. 13-28-60; 11-83-50.

Société Coopérative d'Assurances "La Prévoyance Sociale", P.S. Building, 151 rue Royale, 1030 Brussels. Tel. 18-80-80.

Fédération Nationale des Coopératives Chrétiennes, 135 rue de la Loi, 1040 Brussels. Tel. 02735-60-90.

L'Economie Populaire, 30 rue des Champs, 5300 Ciney (Namur). Tel. 228-01.

OPHACO (Office des Pharmacies Coopératives de Belgique), 602 Chaussée de Mons, Anderlecht-Brussels 7. Tel. 22-56-90.

BULGARIA

Central Co-operative Union, Rue Rakovski 99, Sofia. Tel. 88-03-11.

CANADA

Co-operative Union of Canada, 111 Sparks Street, Ottawa K1P 5B5, Ont. Tel. 232-9657.

Conseil Canadien de la Coopération, 2030 boul. Péré Lelièvre, Quebec.

CHILE

Cooperativa de Empleados Particulares Ltda., Teatinos 601, Casilla 424, Santiago. Tel. 82935.

Instituto de Financiamiento Cooperativo, (IFICOOP) Ltda., San Antonio 220—2° piso Casilla 1118, Santiago. Tel. 398253.

Unión Cooperativa de Seguros (Ucoseg) Ltda., Moneda 1040, of. 704-705, Santiago. Tel. 81295; 65100.

Unión de Cooperativas de Consumo y Servicios de Chile Ltda. ("U-Coop"), Agustinas 1141, 7° Piso, Casilla 14439, Santiago. Tel. 715256.

COLOMBIA

Cooperativa Familiar de Medellin Ltda., Calle 49, No. 52-49, Medellin. Tel. 45-00-55; 41-71-13; 41-53-78.

Instituto Nacional de Financiamiento y Desarrollo Cooperativo (Financiacoop), Carrera 13, No. 27-00, Edif. Bochica, piso 2°, Int. 9, Apto. Aereo 12242, Bogotá. Tel. 81-06-00.

CYPRUS

Co-operative Central Bank Ltd., P.O. Box 4537, Nicosia. Tel. 62921; 62677; 63311.

Cyprus Turkish Co-operative Central Bank Ltd., P.O. Box 1861, Nicosia. Tel. 4257.

Vine Products Co-operative Marketing Union Ltd., P.O. Box 314, Limassol. Tel. 2331; 2872; 4582.

CZECHOSLOVAKIA

Ústřední Rada Družstev, Tesnov 5, 11006 Prague 1. Tel. 621-54; 647-51.

DENMARK

Desamvirkende danske Andelsselskaber (Andelsudvalget) (The Central Co-operative Committee of Denmark), Vester Farimagsgade 3, DK-1606 Copenhagen V. Tel. 12-14-19.

Det Kooperative Faellesforbund i Danmark, Reventlowsgade 14, 2-1651 Copenhagen V. Tel. 12-22-62.

Faellesforeningen for Danmarks Brugsforeninger (FDB), Róskildevej 65, 2620 Albertslund. Tel. 64-88-11.

EGYPT

Central Agricultural Co-operative Union, 35 Elsadd Alali Street, Dokky, Cairo.

FIJI

Fiji Co-operative Union, Registry of Co-operative Societies, Co-operative Department, Suva, Fiji.

FINLAND

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Pellervo Seura, Central Organisation of Farmers' Co-operatives, Simonkatu 6, P.O. Box 77, 00101 Helsinki 10. Tel. 602066.

Pohja Yhtymä, Runeberginkatu 5, 00101 Helsinki 10.

FRANCE

Fédération Nationale des Coopératives de Consommateurs, F.N.C.C., La Maison de la Coopération, 27-33 Quai le Gallo, 92100 Boulogne Billancourt. Tel. 604.91.78.

Société Générale des Coopératives de Consommation, La Maison de la Coopération, 27-33 Quai le Gallo, 92100 Boulogne Billancourt. Tel. 604.91.78.

Confédération Générales des Sociétés Coopératives Ouvrières de Production, 37 Rue Jean-Leclair, 75017 Paris. Tel. 627.89.58.

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GAMBIA (The)
Gambia Co-operative Union Ltd., P.O. Box 505, Banjul. Tel. 581.

GERMAN DEMOCRATIC REPUBLIC
Verband der Konsumentgenossenschaften der DDR, Stresemannstrasse 128, 108 Berlin. Tel. 22-38-0.

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Bund deutscher Konsumentgenossenschaften G.m.b.H. Adenauerallee 21, 2000 Hamburg. Tel. 249006.

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GHANA
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GREECE
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HAITI
Caisse Populaire Dominique Savio, 57 Rue Rigaud, Pétion-Ville.

HUNGARY
National Council of Consumers' Co-operative Societies (SZOVOSZ), Szabadság tér 14, Budapest V. Tel. 113-600; 112-800.

National Council of Industrial Co-operatives, (OKISZ) Postalfiók 172, 1143 Budapest 70. Tel. 188-800; 188-806.

National Co-operative Council, P.O. Box 616, H.1373 Budapest V. Tel. 113-600; 112-800.

National Council of Agricultural Co-operatives, Akademi ucta 1-3, Budapest V. Tel. 113-600; 112-800.

ICELAND
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INDIA
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ITALY

Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, 00161 Rome. Tel. (06) 841 371.

Confederazione Cooperative Italiane, Borgo Santo Spirito 78, 00193 Rome. Tel. 653-875; 565-605; 565-614.

Associazione Generale delle Cooperative Italiane, Via Ravenna 8, 00161 Rome. Tel. 859198 857096.

JAPAN

Nippon Seikatsu Kyodokumiai Rengokai (Japanese Consumers' Co-operative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo. Tel. (404) 3231.

Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Co-operatives), 8-3, 1-chome, Otemachi, Chiyoda-ku, Tokyo.

National Federation of Agricultural Co-operative Associations (ZEN-NOH), 8-3 1-chome, Ohtemachi, Chiyoda-ku, Tokyo. Tel. 03 (279) 0211. Telex. ZENNO 222-3686.

National Mutual Insurance Federation of Agricultural Co-operatives (ZENKYOREN), 7-9 Hirakawa-cho 2 chome, Chiyoda-ku, Tokyo. Tel. (265) 3111.

Ie-No-Hikari Association, No. 11, Funagawara-cho, Ichigaya, Shinjuku-ku, Tokyo. Tel. 260-3151.

Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Co-operative Associations), Co-op Building, 7th floor, 1-12 1 chome, Uchikanda, Chiyoda-ku, Tokyo 101.

National Federation of Forest Owners' Co-operative Associations, Co-operative Building, 8th Floor, 1-12 1 chome, Uchikanda, Chiyoda-ku, Tokyo, 101.

Norin Chukin Bank (Central Co-operative Bank for Agriculture and Forestry), 8-3 1 chome, Otemachi, Chiyoda-ku, Tokyo.

Hokkaido Federation of Cooperative Fishery Associations, West 7, North 3, Cho-ku, Sapporo. Tel. 231-2161.

JORDAN

Jordan Co-operative Organisation, P.O.B. 1343, Amman. Tel. 23101/3.

KENYA

Kenya National Federation of Co-operatives Ltd., P.O.B. 49768, Nairobi. Tel. 21487; 32106/7.

KOREA

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MALAYSIA

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Angkatan Kerjasama Kebangsaan Malaysia Berhad (National Union of Co-operatives) (ANGKASA), 103 Jalan Templer, Petaling Jaya, Selangor.

MALTA

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MAURITIUS

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MOROCCO

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Norges Kooperative Landsforening
Revierstredet 2, Post Box 451, Sentrum,
Oslo 1. Tel. 20-62-90. Telex: 19 540 H.Q.

Norske Boligbyggelags Landsforbund (NBBL), Trondheimsveie 84-86, Oslo 5.
Tel. 37-29-70.

Landbrukets Sentralforbund, P.O. Box 3746, Gamlebyen, Oslo 1. Tel. (02) 19 88 00.

PAKISTAN

West Pakistan Co-operative Union Ltd.,
11 Masson Road, P.O.B. 905, Lahore 1.
Tel. 54203.

PERU

Cooperativa de Seguros del Peru Ltda.,
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Banco Nacional de las Cooperativas del Peru Ltda., 1 Av. Tacna 411, Apartado 4895, Lima. Tel. 276569.

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PHILIPPINES

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POLAND

Central Agricultural Union of "Peasant Self-Aid" Co-operatives, Kopernika 30, Warsaw. Tel. 26-39-69; 26-10-81.

Central Union of Building and Housing Co-operatives, Ul. Marchlewskiego 13, Warsaw. Tel. 20-90-29.

"Spolem"—Union of Consumer Co-operatives, Grazyny 13, Warsaw. Tel. 45-32-41.

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Supreme Co-operative Council, Ul. Jasna 1, Warsaw. Tel. Warsaw 26-72-21; 27-13-26.

PORTUGAL

UNICOOPE, Rua Alvaro Gomes 112, 3292 Porto. Tel. 684606.

PUERTO RICO

Co-operative League of Puerto Rico, 458 Fernando Calder, Apartado 707, GPO San Juan 00936. Tel. 764-2727.

ROMANIA

Uniunea Centrala a Cooperativelor de Consum, "Centrocoop", Strada Brezoianu 31, Sectorul 7, Bucharest. Tel. 16-00-10; 13-87-31.

Central Union of Handicraft Co-operatives, "UCECOM", 46, Calea Plevnei, Sector VII, Bucharest. Tel. 13-16-48.

Uniunea Nationala a Cooperativelor Agricole de Productie, "Uncap", 25 Bd. Gheorghe Gheorghio-Dej, Bucharest.

SINGAPORE

Singapore Co-operative Union Ltd.,
Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1.

SRI LANKA

National Co-operative Council of Sri Lanka, P.O. Box 1669, Co-operative House, 455 Galle Road, Colombo 3. Tel. 85496.

SWEDEN

Kooperativa Förbundet, S-104 65 Stockholm 15. Tel. 743 10 00.

HSB:s Riksförbundet ek. för., Fack, S-100 21 Stockholm 18. Tel. 785 30 00.

Svenska Riksbyggen, Hagagatan 2, P.O. Box 19015, S-104 32 Stockholm 19. Tel. 34-05-20.

Folksam Insurance Group, Folksam Building, Bohusgatan 14, S-104 60 Stockholm. Tel. 22-01-00.

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SWITZERLAND

Coop Schweiz, Thiersteinallee 14, CH 4002 Basle. Tel. (061) 35-50-50. (POB 1285).

Verband sozialer Baubetriebe, c/o SBHV., Sihlpostfach, Zürich.

Genossenschaftliche Zentralbank, Aeschensplatz 3, CH 4002 Basle. Tel. (061) 23-84-00.

CO-OP Lebensversicherungs-Genossenschaft, Aeschenvorstadt 67, CH 4002 Basle.

TANZANIA

Co-operative Union of Tanganyika Ltd., National Co-operative Building, P.O. Box 2567, Dar-es-Salaam. Tel. 23077; 23344; 23347.

THAILAND

Co-operative League of Thailand, 4 Pichai Road, Dusit, Bangkok. Tel. 811414.

TURKEY

Türk Kooperatifçilik Kurumu (Turkish Co-operative Association), Mithatpasa Caddesi 38, Yenisehir, Ankara. Tel. 12-43-73.

Köy-Koop (Central Organisation of Village Development and Other Agricultural Cooperative Unions), Izmir Caddesi 45/3-8 Yenisehir, Ankara.

UGANDA

Uganda Co-operative Alliance, P.O.B. 2215, Kampala. Tel. 56984/6.

U.S.S.R.

Central Union of Consumer Societies "Centrosoyus", B, Tcherkassky per 15, 103626, Moscow. Tel. 221 7253.

UNITED KINGDOM

Co-operative Union Ltd., Holyoake House, Hanover Street, Manchester M60 0AS Tel. 061-834 0975.

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URUGUAY

Centro Cooperativista Uruguayo, Dante 2252, Montevideo. Tel. 41-25-41; 40-90-66.

U.S.A.

Co-operative League of the U.S.A., 1828 L Street, NW, Washington, D.C. 20036. Tel. (202) 872-0550.

YUGOSLAVIA

Glavni Zadružni Savez FNRJ, Terazije 23/VI, POB 47, 11001 Belgrade. Tel. 30-947/9.

ZAIRE

Centrale Générale des Coopératives Angolaises, B.P. 6039, Kinshasa 1.

ZAMBIA

Zambia Co-operative Federation Ltd. P.O. Box 3579, Lusaka.

INTERNATIONAL ORGANIZATIONS

Organization of the Cooperatives of America, Baltazar La Torre 1056, San Isidro, Lima, Peru (POB 4657 Correo Central).

Nordisk Andelsförbund, 3 Axelortv, 1609 Copenhagen V, Denmark. Tel. 15-15-33.

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Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCOOP), Casilla de Correo 4311, Buenos Aires, Argentina.

International Co-operative Housing Development Association (ICHDA), 11 Upper Grosvenor Street, London W1X 9PR, UK. Tel. 493 1137.

World Council of Credit Unions Inc. 1617 Sherman Avenue, P.O. Box 431, Madison, Wisconsin 53701, U.S.A.

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THE INTERNATIONAL CO-OPERATIVE ALLIANCE

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

It comprises organisations in every continent, and its total affiliated membership through national organisations exceeds 330 million. The consumers' movement accounts for just under half the membership, the other half consisting of agricultural, housing, credit, workers' productive, artisanal and fishery societies, etc.

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Editorial and Administrative Office:

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Co-operatives and the Poor

*Interim Report on the ICA Experts' Consultation
held 5th-8th July, 1977, at the
Co-operative College, Loughborough (UK)*

1 The pace of economic and social progress in most developing countries remains discouragingly slow. The moderate expectations of UN Development Decades fail to materialise. Most of the strategies evolved to achieve a rapid and steady improvement in the living conditions of the under-privileged are therefore increasingly challenged.

2 The co-operative approach—so widely and almost universally endorsed some years ago—is among the targets of critics. Unqualified praise and excessive confidence have given way to disparagement and condemnation.

3 Two major factors have contributed to the new attention being paid to the poor: first, the realisation that growth did not benefit those who are most in need of improved living conditions; and secondly the fact that some systems were actually evolved that specifically aimed at the eradication of poverty. Furthermore, planning also required a new definition of the objectives and functions of all economic agents, including co-operatives.

4 Following intense debate in the UN and other world forums the UN Secre-

tary General, in his most recent report on co-operatives in development, proposed that an expert group meeting be held to—"assess the problems connected with the participation of the poor in the Co-operative Movement . . . (and) . . . to recommend appropriate strategies and programmes."

5 The Loughborough Consultation was convened in the light of that challenge. It addressed itself to the three following questions formulated by the convenors—

- (a) Are the social and economic objectives of co-operatives, their mode of operation and structure, appropriate and responsive to the problems of poverty and social reforms in developing countries?
- (b) Under what conditions can co-operatives be effective agents of structural reform?
- (c) To what extent and in what manner do governments facilitate or impede the efforts of co-operatives to combat poverty and introduce social and/or structural reforms?

Co-operatives

6 To answer these and related questions it was necessary to agree a working definition of "co-operative". Some are inclined to exclude from consideration any organisation which, though calling itself a co-operative, is in fact controlled by government officials. According to this view, many of the co-operatives which had failed belonged to this category of pseudo-cooperatives. Others pointed out that with this approach little or no guidance was given to those who had to take decisions involving co-operatives or similar associations.

7 The prevailing view is that it would be vain to seek a universally agreed definition and that what is essential is not the name but the functionality of the association in relation to its declared objectives. There were instances in which co-operatives conforming to the usual principles were not serving the poor, or only serving them incidentally, while others clearly imposed by government were taking practical measures to reduce inequalities. Co-operatives, like other institutions, are constantly evolving and should not be seen in too short a time perspective.

8 The experts agreed that in defining co-operatives it would be useful to consider these institutions as falling along a *continuum* where the "ideal type" may be at one end and the state-directed at the other. Most experts, while accepting the helpful concept of a continuum and the criterion of usefulness especially with respect to services to the poor, stress two indispensable precautions. The first is the necessity to draw the line somewhere below which an institution cannot be known under the name of co-

operative. The second is that a clear orientation and objective of any 'co-operative' undertaking should be to move along the continuum in the direction of social equity, democratic control, self-reliance and independent leadership within the area defined by the law of the country. State enterprises and co-operative enterprises should, in all phases of the process, be identified as such.

The Poor

9 Although a clear cut definition of the concept of poverty is an ever elusive objective, it is obviously impossible to deal with these problems without some understanding of the meaning of the words 'the poor'.

10 A first yardstick is that of basic needs—for example, food and shelter for survival. But it is clear that the poverty line differs according to the level of economic and social development achieved in each country. Similarly the poverty line in the same country shifts over time as its development progresses. The concept of relative poverty, both nationally and internationally, is also clearly relevant.

11 When thinking of 'the poor' one must rather refer to their underprivileged position and to their helplessness which preclude their active and fruitful participation in community life. The poor are those who are not benefiting from economic and social interchange. Subjected to disabilities caused by the system, they are precluded from contributing to it or securing through their labours an acceptable standard of life.

12 What emerges from a careful examination of the predominance of poverty is the great diversity of its forms and of its causes. With reference to the developing countries it is thus essential to distinguish between societies with great income disparities and the large communities of poor people (of which subsistence farmers are instances). Different strategies are required to cope with their respective problems.

13 It is also important to probe the causes of poverty. Some communities suffer from a fundamental lack of natural resources, others have been impoverished by the inroads of a capitalistic economy or by the encroachment of single-crop export farming.

Co-operatives' Potential

14 Two highly qualified consultants of international repute presented papers on the problem.

15 One speaking 'from within the Co-operative Movement' recorded the fundamental idea of human beings wishing to concert in pursuit of common aims, including education and training, and performing without undue government intervention. This remained the best approach to global development.

16 The second consultant, drawing from a thorough scrutiny of various experiences in developing countries, observed that within co-operative movements decentralisation (the self-government of local societies) and equity are frequently difficult to reconcile owing to the existing power structure. Similarly given the resource intensity for reaching the poor, the objective of dis-

tribution is not always consistent with that of efficient resource use and growth. A conscious decision is therefore needed on the part of the governments to direct the necessary resources if the poor are to be reached. Even with such an allocation of resources to them, however, it is not clear if co-operatives are, by themselves, likely to be motivated to direct the resources to the poor. And in any case government investment is necessary in technology, infrastructure development, market information, training and management skills if co-operatives are to be effective in improving the productivity of the poor. Frequently institutional reform may also be critical to change the socio-political structure that so frequently comes in the way of reaching the poor.

17 Many instances exist however of co-operatives in developing countries that helped significantly their poorer members. Co-operative philosophy and theory are imbued with respect and concern for the poor. Indeed the original proponents and promoters of co-operatives were themselves poor people seeking a self-help solution for their problems.

18 On the other hand, co-operation—economic democracy in action—is not an aid-giving agency. Efficiency requires rigour in management. That hard-headed rule may become unfair however, where an elite, already favoured with physical and cultural assets, exerts its leadership and control in co-operative societies.

19 Substantive structural and political reforms are overdue wherever such tendencies prevail. Co-operatives are unlikely to achieve their full potential

for service to the poor in a feudal environment. Many experts believe that, within such a power structure, many other institutions are also unlikely to succeed.

20 When a genuine co-operative spirit prevails—which excludes undue advantage being taken of positions of leadership—co-operatives can and do prove instrumental for the improvement of the poor people's conditions. Among functions which they can usefully perform for the poor are:

- developing economies of scale;
- generating bargaining power;
- distributing risks;
- giving access to technology and to managerial skills;
- favouring exploitation of local resources and talents including handicrafts;
- breaking the isolation of the poor.

21 Few institutions offer such a range of opportunities, together with the full status of a co-equal member. These historical advantages are not materialising everywhere. The co-operative formula has its potential risks (complacency, lack of self-reliance, crystallisation of village hierarchies . . .). Above all few co-operatives correspond to the ideal model.

22 But the social benefits of a co-operative at work—albeit imperfect—spread beyond the confines of the societies and their membership. Fair and openly posted prices and access to credit do change the economic environment of the poor, they pave the way for a healthy transition to a commercial economy. The emergence of an authentic, local co-operative leadership may

also help to shift centres of power and decision from urban to rural areas.

23 Many conditions are required to start or develop co-operatives, many factors condition their growth. In assessing the chances, local history, economic conditions, governmental attitudes, community traditions must be taken into account. Serving manifest needs, in particular creating new employment opportunities, is one of the fundamental bases of co-operative initiatives.

24 Two main sets of problems emerge from an examination of the potential role of co-operation in fighting poverty: are the poor better served by co-operatives of their own and, where the answer is negative, how can mixed membership co-operatives reach the poor and serve their particular needs?

25 On the first point the experts' consensus is that, generally, the need to achieve through extended membership, the desired economies of scale and the risks of perpetuating segregation militate against the setting up of co-operatives for the poor, even though they may thus be deprived of opportunities to generate leadership. But that rule has many exceptions, in particular where the poor people concerned democratically want to set up their own societies; where the co-operative initiative is linked to specific development projects (land, forestry); where structural differentiation is great; where clear-cut categories are concerned; where services especially for homemakers are provided. Furthermore in a great many rural communities the question does not arise because there are only 'poor' people.

26 The second and much broader set of problems is that of maximising the reach and services of co-operatives to the poorer sections of the population. It is clear that serving a large number of poor members whose individual transactions with the co-operative are small entails relatively high costs. Also many services required by the poor impose a burden on the whole membership. There is thus a risk that management will be biased against the poorer members. A clear formulation of policy and guidelines is essential to establish safeguards against such abuses.

27 Redistribution from richer members to poorer members within a society has its limits: if the comparatively richer members do not remain prosperous then that resource will disappear, and if that burden is 'unbearable' they will opt out. If redistribution of benefits within individual co-operative organisations has thus to be rather limited, the governments will have to play a leading role in securing resources to bear these costs. The extent to which that will be possible will depend on the nature of the political system and the degree of national will in individual countries.

Structural Reform

28 To be effective agents of structural reform co-operatives must first of all be able to operate efficiently. Conditions exist where it is unrealistic to expect success. On the other hand co-operatives can be instruments of liberation given a culture receptive to group action, awareness of opportunities, a reasonable network of communication and a degree of homogeneity in the needs of members.

29 The need for a legislative background allowing for flexibility with adjustments over time and for an easy transition from governmental to members' control as soon as appropriate is universally agreed. Adjustments in legislation from time to time are equally desirable. There is also a consensus on the involvement of co-operatives in evolving and reflecting national and community development planning which should put in the forefront the participation and economic and social uplift of the poor. Government goodwill, assistance and support being essential if co-operatives are to reach and serve the poor more adequately, attention must be paid to the ways and means of pursuing these policies.

30 But to better serve the poor, co-operatives must above all review their internal policies and, whenever necessary, adjust them to the requirements of an enlarged spectrum of members. While the limitations within which they operate restrict their ability to redistribute resources among members, there is always room for improvement in the procedures of allocating loans, fixing interest rates and terms of repayment, differentially pricing purchases and sales—all of which can usually be used to benefit the poor.

31 Among the institutions which are, to varying degrees, likely to impede successful co-operative action for the benefit of the poor, experts identify the following main ones:

- patterns of land tenure precluding access to viable holdings and to creditworthiness;
- monopoly in the private sector

(moneylenders, traders) leading to unsustainable competition for co-operatives;

—encroachment of state companies depriving peasants of their livelihood.

32 Conversely a number of institutions can and do assist co-operatives in their endeavour to reach and serve the poor:

—co-operative ministries or departments;

—rural development agencies and banks;

—producers' marketing boards;

—university research and advisory services.

Government

33 A most decisive factor in assisting co-operative efforts in the direction of the poor remains the attitude, the political will, of the government. Only the government can through its fiscal, budgetary or other policies achieve transfers of resources of the required order of magnitude from the rich to the poor. Only the government and the local authorities can provide the environment in infrastructure, services, sources of supply, etc., without which co-operatives cannot be expected to 'take off'. Only they can enforce rules safeguarding the rights of the poor in the allocation of scarce resources and support the development of new technologies applicable by marginal farmers.

34 Directions can be identified where government intervention is potentially an impediment rather than a help: throwing irrelevant or over-burdening tasks on co-operatives, pressing hard for too rapid expansion, distracting co-

operatives from their tasks. Conversely government influence and resources are best used to create a favourable milieu, ensure adequate representation of and services for the poor, giving incentives to government officials to promote a sound evolution of co-operatives in the direction of self-reliance and self-government, etc.

Education

35 Education is perhaps the most essential ingredient in co-operative development. Regarding the task of reaching the poor and meeting their needs, the role of co-operative education and training is paramount. The first and foremost necessity is to make sure that managerial cadres are kept constantly aware of their responsibilities in that respect and to prepare them for new forms of action. Expanding membership and activities to poorer sections of the community must be considered as both a challenge and an opportunity—as a new form of growth.

36 Managerial and leadership skills at all levels need to be raised especially by formal and practical education. The higher class of management must evolve methods which facilitate the tasks of their subordinates. The pursuit of objectives broader than business achievement, extending to the improvement of the poorer members' living conditions and way of life, must become part of their brief.

37 Adult education is a key component in co-operative education programmes and is particularly relevant in the case of poor people. There is also need to greatly improve and widen the ability of societies' secretaries, particu-

larly at village level, to grasp the real meaning of their work (for example, in the field of farm requisites supply).

38 The availability of teaching aids and materials is often a bottleneck. Much is being done at national and international level to improve the situation but little which is of direct relevance to the specific problems of the poor. ICA's Co-operative Education Materials Advisory Service (CEMAS) is a useful instrument which could be used to this end.

39 Beyond members and staff, co-operative education must reach many categories of the public (educators, mass media, politicians, trade unions, youth, women, businessmen). Ignorance and widespread misconceptions and misunderstandings regarding the role of co-operatives in eradicating or alleviating poverty must be dispelled. Furthermore member, staff and broader education should more often use local languages.

40 Such efforts can only be successful if they are backed up by an adjustment of co-operative theory to changing circumstances and trends (incorporating for instance the concept of social profitability); by the integration of co-operation in the curricula of higher studies; by the inclusion of co-operative policies in the social sciences. To that end the establishment of chairs of co-operation at leading universities and close working relationships between their Economy, Sociology and Business departments and the co-operative leadership, particularly in the field of research, is overdue.

International Assistance

41 There is considerable room for

improvement in the quantity and effectiveness of international assistance for co-operative development, particularly as regards its relevance to the situation of the poorest. With a few notable exceptions the assistance given by the co-operative movements in the richer countries has not been particularly generous, while that given by governments to other governments, though necessary, is not ideally suited to the promotion of participatory peoples' organisations. International trade policies remain adverse to developing countries and impair the ability of co-operatives to promote the interests of their members, including the poor.

42 Basically, international co-operative assistance should be such as to encourage small farmers and other underprivileged groups to analyse their own problems and to enable them to realise the potential for joint action. Among measures which might be taken to render international assistance more productive, experts note the following:

- concentration of aid in the poorest countries;
- inclusion in aid agreements, of clauses to ensure that co-operative projects benefit the poorest sectors of the population;
- greater collaboration in technical assistance among the developing countries;
- wider use of versatile generalists rather than high-level specialists;
- greater reliance on local universities and institutes in the developing countries for research and project implementation;
- recruitment of practical farmers

and fishermen for technical assistance assignments with co-operatives;

—introduction of simplified book-keeping systems;

—fuller use of inconvertible currencies.

43 Both multilateral and bilateral external aid can be effective in co-operative assistance programmes, especially under conditions where the external assistance can be directed to the co-operative institution being assisted without local government interference. Donor country government and LDC* government involvement, however, may be necessary in both multilateral and bilateral external aid programmes. International governmental agencies, such as ILO, FAO and UNESCO are usually required to channel external aid through the LDC governments.

44 The work of these international governmental organisations makes a valuable contribution to the promotion of sound co-operatives. Increasing use

*LDC—Less developed country

should be made of the facilities offered by the Joint Committee for the Promotion of Aid to Co-operatives (COPAC) as a neutral forum where international governmental organisations and international voluntary organisations meet regularly to exchange information on their respective policies and programmes in the area of co-operatives and to co-ordinate their action wherever possible.

45 The work of bilateral governmental organisations makes a valuable contribution to the promotion of sound co-operatives especially when they collaborate with their respective national co-operative organisations in planning and implementing co-operative development programmes. Such arrangements provide better opportunity for 'co-operative to co-operative' assistance.

46 Increasing use should be made of combined bilateral programmes and such consortium and other bilateral efforts should make use of the ICA facilities for identification of co-operative development opportunities and dissemination of information through the research and educational programmes of the ICA Regional Offices.

Summary and Conclusions

Poverty is as diverse as it is widespread in the developing world. Identifying its root causes in each geographical area is a pre-requisite for policy making (*paras.* 12, 13). Circumstances exist which are inimical to co-operative success (*para.* 31).

Co-operative institutions of developing countries often fail to conform strictly to rigid conceptual norms. While it is imperative to refrain from classing state enterprises as co-operative societies, it is also advisable to look upon many current undertakings as imperfect forerunners of genuine co-operatives and to help them to achieve self-motivation and self-government (*paras.* 7, 8). A legislative background allowing for flexibility in such a transition is required (*para.* 29).

Co-operatives can and do prove instrumental in many ways for the improvement of poor people's conditions (*para.* 20). Few institutions offer such a range of opportunities to the poor together with the full status of an equal member. The social benefits of co-operatives at work, albeit imperfect, spread far beyond the confines of the societies and their membership (*para.* 22).

Co-operatives, however, should not be expected to solve single-handed the huge problem of poverty. Redistribution of wealth and income *among their members* is at best limited by imperatives of economic efficiency and competitiveness (*para.* 27); fundamental socio-structural reforms are far beyond their purview (*para.* 31) and the net input of resources necessary to initiate and sustain economic and social development must in the last analysis be provided by the community at large (*para.* 33).

Co-operatives whose membership consists exclusively of poor people can be desirable and instrumental in certain circumstances. But many considerations militate for mixed membership (*para.* 25) which, in turn, calls for precautions and safeguards—in the co-operative law and in the individual societies' bylaws—to curb the tendency of élites to administer people and things in their own interests. Specific provisions must, on the contrary, be made to ensure favoured treatment for the under-privileged (*paras.* 29, 30).

A most decisive factor in assisting co-operative efforts in the direction of the poor is the attitude and political will of government. The government can help or impede sound co-operative development in many ways. The risk of the latter should not be minimised (*paras.* 33, 34).

Education is fundamental to the process of developing co-operatives especially with respect to services to be rendered to the poor. Managerial cadres must be imbued with new motivations; new skills and a broader educational background must be imparted to society secretaries; better teaching aids must be evolved and disseminated (*paras.* 35-38). Co-operation must become a specific subject of higher research and learning (*para.* 40).

International assistance to co-operative development needs to be redirected and strengthened, a greater role being assigned to experienced co-operators, especially at grass roots level. Co-ordination, especially through COPAC, is imperative if the co-operative movement is to achieve its potential for the improvement of the living conditions of the poor throughout the world.

Rural Development through Co-operatives: “The Karibu Project” —A Model Development Strategy

by

Koenraad Verhagen

Department of Social Research, Royal Tropical Institute, Netherlands

Introduction

From 16th-19th. January 1977 a Workshop was held by the Agricultural University of Wageningen (Netherlands) on “the Small Farmer and Co-operative Development”. One of the “mini-cases” presented as a basis for discussion was a short outline of a model for a co-operative development project, which aimed to set off a process of rural development with the full involvement of the poorer sections of the population. It is placed in an economic and social setting typical, in its broad lines, of some parts of Africa.

A single optimal model for a co-operative development project may not sound very much of a feasible proposition. Yet, in spite of necessary adjustments for local conditions, co-operators should try to reach agreement on some fundamental principles to be observed in development strategy, project design and operations, in order

to enhance the projects’ chances of success and goal achievement.

The assistance is given in this model by a para-governmental organisation called a *Co-operative Development Centre*. The case is typical as in various African countries Co-operative Development Centres or similar projects are in operation with foreign assistance. They vary, however, in general outlook, objectives, scope of activities, work methods, staffing policies and degree of success. The model sketched out in the following is what the writer views as a happy combination of the more positive elements encountered in programmes or projects he visited, or worked for, in various African countries. It should be borne in mind that it was written with the aim of eliciting discussion and reflection on the basis of concrete project experience. It pretends neither completeness nor the embodiment of a set of infallible rules.

(A) The Setting

The Karibu Province in the state of Africana (both names are fictitious)

comprises some sixty villages. Population per village averages between 1,500

and 400. The main source of income is agriculture, chiefly from selling cash crops. The prevailing agricultural system is dry farming.

Village communities are of the "atomized" type: a clearly discernible village elite composed of medium size farmers, and a majority of small farmers. Land is owned individually. Most of the small farmers, male and female, are illiterate and are in debt to the village usurers. By decree all farmers are obliged to deliver their cash crops to co-operatives which cover between four and ten villages each. Established some ten years ago, co-operatives were initially administered by the more well-to-do male farmers, supposedly representing the whole farming population, but corruption scandals and inefficiency had resulted in the taking over of control of the co-operatives by the public authorities. The government-appointed managers (called "secretaries") of the district's co-operatives receive their instructions directly from government officers who have been given wide powers of direction.

Besides marketing, the district co-

operatives are also engaged in the provision of credit and productive purposes. Loans mostly go to the better-off farmers. Issuing loans to small farmers is very much of a hazard as many of them sell their products, in spite of official regulations, to "middlemen", mostly farmers themselves. Moreover many small farmers do not qualify for loans because they have not registered as members of the co-operative.

In judging loan applications, the co-operative officer and manager collaborate with the extension officer. Credit, combined with extension services, has resulted in a 30 to 40 per cent difference in yield per hectare between medium scale and small scale farmers.

Since the introduction of cash crops some thirty years ago, differences in levels of prosperity within the village have grown constantly. With access to credit, extension and educational facilities unequally spread among the population, one may expect even greater disparities in income and wealth to develop in the future, if no project is undertaken which centres on the interests of the small farmers and their families.

(B) The Project

1 General Development

Objectives

Objectives are:

- improvement of incomes (economic component);
- improvement of living and working conditions (social component);
- adult education and training (educational component).

2 Target Group

The project focusses in the first place,

but not exclusively, on the small farmer and his (her) family.

3 Brief Project Description and Objectives

The project aims at the establishment of multi-purpose co-operatives at village level (to replace the existing co-operatives operating at inter-village level) and the formation of a union of village co-operatives at provincial level. Forms of inter-village co-operation at

the intermediate levels are to be developed as appropriate.

The process of restructurisation and development of activities will be monitored by a *Co-operative Development Centre*, a para-statal organisation that will operate under the supervision of the Ministry for Rural Development.

4 Outlook

The development philosophy underlying the project is that satisfying the basic necessities of life of the small farmers and their families deserves the highest priority. Because of their lack of influence within the village communities, new development structures are required at village level which are governed in their deliberations and operations by general principles of democracy and equity. The general and other meetings of the village co-operative should open up opportunities for the small farmers for general education and the defence of their rights and interests. The location of a co-operative at village level should ensure easy access for all farmers to the various services of the co-operative.

Active participation in decision making of the whole farming population, including the better-off farmers, is considered as essential. Prevailing social relationships do not allow by-passing of the village elite. Any project trying to address itself exclusively to the small farmer would be bound to fail. Well-to-do farmers, therefore, will also benefit from the project activities, but within controlled limits.

5 Specific Objectives of the Village Co-operative

(a) to arrange for extension services

and co-operative education as part of a functional literacy programme;

- (b) to market the cash crops produced by the villagers;
- (c) to promote cash savings (mainly to enable the farmer to spend money all year round and have money at his (her) disposal in times of hardship);
- (d) to provide food storage facilities;
- (e) to provide the villagers with pure drinking water, consumer goods at fair prices, and building materials;
- (f) to provide loans for consumption and production purposes;
- (g) to introduce new high-yielding crop varieties, and to distribute other agricultural inputs;
- (h) to promote poultry, cattle husbandry and home industries, partly for own consumption.

6 Project Activities/Procedure/ Method

The project initially focusses on an activity that can be managed by village-based staff and in which member participation is possible and desirable, which will produce tangible material results for the whole community.

Illustration: In the southern part of the Ivory Coast it was the collective marketing of cash crops which gave a sound basis for a co-operative take-off. Instead of individual delivery to private merchants (middle-men), farmers had started grouping coffee and cacao at village level for direct sale to capital-based (Abidjan) export houses or their provincial representatives. Besides the fact that farmers no longer felt cheated on

weight, the price differential allowed for a 6 to 7 per cent net margin which otherwise would have gone to the middle-men.

In a different economic and social context, the indications might point to starting off with a savings and/or credit scheme, as evidenced by co-operative experience in Mauritius and other places where Credit Unions have succeeded in rural areas.

However, where co-operatives are successful, the pattern of growth of the co-operative sector tends to be one-sided. Growth finds expression in the multiplication of the same type of society and its rapid spread over larger geographical areas. Consequently, the promoting machinery itself gets more and more specialized and loses sight of the importance of, or has simply no time and energy left for, furthering growth in depth. The impact of co-operatives on rural development then remains marginal, because of their limited scope and membership.

The increased material welfare resulting from one or several activities will facilitate the financing of collective facilities either from collective sources (the village co-operative) or individual contributions. It is planned that part of the funds required for purposes of social and economic investment will be obtained from non-distribution of bonus payments (normally distributed in proportion to the amount of business of each member with the society).

Illustration: In some villages in the Ivory Coast collective facilities are financed from the surplus of the co-operative coffee and cacao trade. Non-

distribution of the "profit" means that the farmer who has delivered 5 tons of coffee to the village co-operative, contributes 5 times as much to the construction of a school, the drilling of a well etc. as the small farmer, who had only one ton to deliver. The system has the effect that member-farmers contribute to social investment in proportion to their gross income. This is a more equitable system than, for example, fixed amount per capita contributions.

In the case where there is a genuine need for credit for either production or consumption purposes, savings schemes will be launched concurrently.

Linking marketing to credit will facilitate repayment of loans through deduction of instalments from crop proceeds.

To ensure consistency of development programmes the Co-operative Development Centre (CDC) will be primarily responsible for supervision and co-ordination of development activities organised at village level.

Illustration: The constant parade in some African villages of agents of development from different institutions (Ministries, para-statal organisations, private organisations), all having their own ideas and instructions on priorities of action, are a definite obstacle to a co-ordinated and integrated approach towards rural development.

Priorities of action will in the first place be determined by village co-operatives, but in consultation with CDC representatives who in their turn will call on other technicians for advice.

Re-structuring of the co-operative

sector will not be undertaken without careful consideration of which functions, currently performed by the old co-operatives, can be efficiently organised at primary (village), inter-village or Union (provincial) level.

An important task of the CDC staff will be the dissemination of principles and methods of organisation, designed by co-operative leaders themselves and tested out in one or more villages.

7 Foreign Assistance

Equipment, salaries and other running costs will be financed for the greater part by the donor country(-ies) or organisations, with a reasonable contribution from the recipient country. From the outset the direction of the project will be local, even though the director post will be financed from donor sources. Expatriate staff will complement whatever staff cannot be found locally. In addition to some expatriates on long term contracts for management and implementation of the project, provision has been made for short term consultancies.

At the lower levels, too, expatriates (volunteers) could be usefully employed. There are no long-term "counterpart" arrangements. To ensure smooth handing over of responsibilities in case of changes of staff, a transfer fund to permit temporary double financing of some key senior posts is incorporated in the budget. In doing so, it is realised that local staff are often more frequently transferred than expatriate staff.

8 Duration of the Project

The duration will be three years with the possibility of extension. (Most projects err on the side of under-

estimation of the time necessary to achieve their stated objects.)

9 Organising the Activities

The CDC is not a permanent institution. It will dissolve by progressive transfer of its functions, together with its staff, equipment and buildings, to a provincial co-operative. Once co-operative development has made sufficient progress on a national level, provincial co-operatives in their turn will establish their national federation. Functions to be assigned to the latter will be those which can be more economically undertaken at a national level (e.g. production of educational material and stationery, research and planning).

The CDC will have the following divisions:

- Director's Office and General Project Administration;
- Planning, Research and Evaluation;
- Extension, Education and Training;
- Production (educational material, stationery);
- Accountancy (central accountancy system for all village co-operatives) and the Auditor's Office;
- Management Advice (to assist the village co-operatives in policy-making and implementation, and in recruitment, appointment and dismissal of staff);
- Agricultural Production Unit (to support extension work).

The Provincial Co-operative Union will focus in the first place on business activities, such as:

- marketing;
- providing village co-operatives with

agricultural machinery, seeds, etc. and consumer goods;

—managing agricultural machinery and leasing to village co-operatives.

Start and nature of operations of the provincial co-operative will depend on the sort of activities carried out at primary level which need co-ordination at higher, provincial level.

The CDC functions are not commercial. That is why, at a fairly early stage, the need for a co-ordinating body with commercial objects and having its own legal entity will arise.

The Provincial Union will be self-financing. Activities which require permanent subsidies from outside sources will not be undertaken. This consideration will be the main determinant for the pace of transfer of functions from CDC to Provincial Union.

10 Some Essential Conditions for Success of the Project

—The national government and provincial authorities should be prepared to delegate the main responsibility for development activities in villages to a para-statal organisation, in the present case the CDC.

—Agents of development, other than CDC or Provincial Union employees, should be prepared to attune their interventions to actions supervised by the CDC and administered by the villagers themselves. (In practice, co-operatives are not often looked upon as people's organisations to be served. More often they are used, and sometimes misused, by powerful public or privately-owned organ-

isations, like marketing boards, processing industries, state-controlled wholesale organisations in need of retail outlets, etc., seeking the achievement of their own objects by means of co-operatives).

—Government authorities should agree that some important development functions be transferred, eventually, to a non-governmental organisation, viz. the Provincial Union, which should operate in the first place under the control of its member organisations, viz. the primary co-operatives.

—The provincial and village elites should be prepared to give their full support to the success of a development project, which focusses on the small farmers' families.

—Any rapid increase in the number of village co-operatives or diversification of their activities in unforeseen directions may require the extension of CDC and Provincial Union staff at short notice, and frequent revision of budgets.

Illustration: When, in the Ivory Coast, extension of field staff was required, Dutch and other volunteers were attracted for a one year period. During their assignment local staff were trained to succeed them.

—Village co-operatives and, at some later stage the Provincial Union, should be able to cover current and capital expenditure from own sources or regular bank loans to avoid a continued dependence of co-operatives on government sub-

sidies and guarantees.

11 Side-effects

- Concentration of development efforts on a certain region (Karibu province) creates inequality of co-operative development between regions.
- A well-structured and nationally organised co-operative movement

(C) Summary

- Primary societies are established at village level, near to the people they aim to serve, viz. the small farmers (male and female farmers!).
 - The stated objects of the village co-operatives comprise economic, social as well as educational objects (co-operatives with mere economic objects tend to widen income disparities within the villages).
 - Instead of imposing fixed patterns of co-operative organisation, project staff seek to disseminate work methods and arrangements, developed and tested in one or more villages under local (=village based) leadership.
 - Loyal collaboration of the village elite is considered indispensable, but control against misuse of power is maintained throughout the development process.
 - Project staff, in their relations with primary societies, stimulate, educate, co-ordinate, advise and control, but refrain from executive responsibilities in the societies' organisation of activities. Participation in executive work is strictly limited to on-the-job assistance for purposes of training.
- Identification of a proper co-operative "take-off" activity is crucial for further successful co-operative development.
 - Promotional efforts of project staff are concentrated on a province (intensive approach) because covering a larger area is believed to lead to a scattering of efforts.
 - Project direction is with a local (=citizen of the recipient country) director from the start of the project. Long-term counterpart assignments are considered ineffective. Expatriate staff, as far as needed, are employed at the higher as well as the lower levels of the project hierarchy.
 - The new development bureaucracy (the Co-operative Development Centre) set up under the project is destined to be dissolved through transfer of functions to genuine co-operative organisations.
 - Project operations are geared toward building up a co-operative structure which should be self-sustaining when the project has come to an end. (Development of co-operative sector *and* movement instead of a sector alone.)

evolves easily towards an economic and political pressure group of farmers' interests with which authorities have to reckon at all levels of administration. Such development might not be welcomed in some political circles, and might provoke initiatives and measures to thwart the movement's growth.

The 4th INTERNATIONAL CONFERENCE ON CO-OPERATIVE THRIFT AND CREDIT, organised by the International Liaison Committee* on Co-operative Thrift and Credit was held in Rio de Janeiro (Brazil) from 17th to 21st April 1977, at the invitation of the Federação Leste-Meridional das Cooperativas de Economia e Crédito Mutuo (FELEME) (Brazil) (see page 341) and the Confederación Latinoamericana de Cooperativas de Ahorro y Crédito (COLAC) (Panama). Mr Y. Daneau of the Fédération de Québec des Caisses Populaires Desjardins, whose General Report presented at the conclusion of the Conference we publish in this issue, acted as Rapporteur.

“The Thrift and Credit Co-operative and its Economic and Social Environment”

The theme suggested for our consideration during this Conference gave rise to interventions of remarkable pertinence and depth. To attempt to summarise these is a daring undertaking, and you will forgive me in advance for the time it has taken to present this report.

I wanted to produce a summary, rather than a descriptive account, and I have therefore not always identified the authors of the ideas I have taken up. You will easily understand that this would have made the report very cumbersome, especially as, very often, several individuals broached the same subject.

I will deal successively with the four sub-themes in the order in which they were discussed, seeking to give to each its due logic and coherence. I have therefore made selections, mentioned one idea rather than another in connection with a certain theme, and placed your interventions in a framework which may not have been their original one. I hope you will recognise them nevertheless.

I received some papers before the Conference, but others only reached me during the Conference itself. I hope I have not favoured the one at the expense of the other.

YVON DANEAU

*Member organizations of the International Liaison Committee:

World Council of Credit Unions

Fédération de Québec des Unions Régionales des Caisses Populaires Desjardins, Canada

Fédération de Montréal des Caisses Desjardins, Canada

Fédération des Caisses d'Économie du Québec, Canada

Central Co-operative Bank for Agriculture and Forestry, Japan

Confédération Nationale du Crédit Mutuel, France

Union du Crédit Coopératif, France

National Co-operative Union of India

International Raiffeisen Union

International Co-operative Alliance (represented by its Banking Committee)

Translated from the French for the Review of International Co-operation by M. Blindell

SECTION I: Thrift and Credit Co-operatives as a Response to Specific Needs, to New Needs and to the Needs of the Poorest

Following on the meetings which we have attended during the past few days, the evidence of the spread of co-operative achievement throughout the world would seem to prove that Co-operation can satisfy the most diverse needs, both individual and collective.

Among all the co-operative forms which have so far appeared, thrift and credit co-operatives are perhaps those which have undergone, and are still undergoing, the greatest expansion, no doubt because the needs which they attempt to satisfy are basic ones, and the means utilised to do so are, even today, well adapted to the economic environment of every continent. A thrift and credit co-operative pursues much wider aims than would appear from its economic activities alone, and the needs it would satisfy are not only economic but also social, cultural and humanitarian. In fact, it could more truly be said that the economic aims *serve* the other aims, that financial and banking activities are *means* of achieving human and social ends and only find their full and true significance in relation to those ends: mutual credit is not an end in itself but the means whereby an individual may take in hand his own destiny and participate, jointly with others, in his own economic and social progress—in brief, may achieve his full human potential in full liberty and full dignity.

It has been said that "Co-operation was born of want". Whether the poverty was that of the early factory workers, of small agricultural producers dependent

on unscrupulous middlemen, or of the developing nations themselves, in every case co-operators have attempted to eliminate it by the organisation of mutual financial solidarity fired by associationist ideals which, as mentioned by Mr A. C. Xavier BASTOS (Brazil) permit the combining of individual efforts in order to exercise more effective collective pressure. The organisation of thrift and credit, as we were reminded by Dr D. Benévides PINHO (Brazil) quoting Alphonse Desjardins, aims at "the inculcation of the spirit of thrift in the masses of the people, and the dispensation of the credit necessary for their activities, placing at their disposal the abundant fruits of this same thrift".

The Third World Countries

In the countries of the Third World this reality is a crying need and, there as elsewhere, thrift and credit co-operatives are responding to the very elementary demands of the people. They assist in the emancipation of the individual, by encouraging the fight against human exploitation and usury, by breaking the vicious circle of poverty and by teaching families how to manage their budgets and their savings.

But it is not certain that the traditional version of co-operative thrift and credit as we know it in the so-called advanced countries is the best suited to the cultural and social context of the Third World countries, at least in the first instance. Here the report of Mr R. MATHIMUGAN (Malaysia) was most

enlightening.

Certain forms of solidarity are already practised in many parts of the world. Very often such organisations are loosely structured and their methods of operation are not necessarily correlated in codes of procedure.

In such surroundings, the thrift and credit co-operative structure is too complex, and its methods too sophisticated; it would be unthinkable to introduce it point-blank even if based on existing community networks, especially as the skills needed to manage such an enterprise would need to be developed. The thrift and credit co-operative must adapt itself to its new surroundings, modify its structures and its functions so that it is available to all and can respond more adequately to the needs of all, as Mr. Maurice LIGOT pointed out.

In this perspective, the thrift function must be modified. Although it was conceived primarily for the purpose of helping individuals, it must be realised that in many under-developed countries the thrift function can be put to better use if it serves the interests of the community as a whole: it must provide general economic growth before it can provide a better life for each member. To illustrate my thought, a village may provide itself with an irrigation system, a group of farmers with certain equipment, etc. The invested savings create riches which serve the community rather than the lure of individual gain.

The will to offer under-privileged communities the economic instruments necessary for their development will come to nothing unless it is accompanied or preceded by a vast training and motivation programme, as was pointed

out by Mr Garcia ALVAREZ. In this respect the needs of co-operatives are immense, an immensity even more conspicuous than the distance which separates the poor countries from the rich, and less and less tolerated or tolerable. There is much to do: teaching people to read and to reckon, to manage money, to work out solutions for their needs, introducing them to the idea of co-operative solidarity—and much else . . . the resources of mankind are vast, and if international solidarity can express itself in terms of financial and technical aid, the objectives will more easily be attained.

The Industrialised Countries

In the industrialised countries, thrift and credit co-operatives have evolved considerably since their foundation. The movement has been in existence for a long time and its achievements to date are impressive. Such success has only been made possible by continuous adaptation of thrift and credit co-operatives to the changing needs of their members, engendered by changes in society in these countries: *created to satisfy specific needs, they were compelled to evolve with the developing needs of their members.*

In this context, what can thrift and credit co-operatives offer their members today, and what needs can they help to satisfy? In these days, co-operatives in the financial sector are of a size to compete with the banks, and if they want to satisfy the financial needs of their members, they must—if possible—do this better than the banks. Under present day conditions it is not feasible to make a member go to a bank for certain of his needs and to a co-

operative for others: once he takes the road to the bank, he may never return . . .

The banking activities of thrift and credit co-operatives are conditioned by the economic context of our age. They are also conditioned by the evolution of our society, and the more we can learn from this evolution, the more easily we shall adapt to future situations, or even better, foresee changes before they take place.

Today, as Mr Theo BRAUN (France) so rightly said, our people are seeking a certain quality of life, and "growth at all costs" is no longer accepted without question. "Quantitativism" has engendered further alienation, created new exigencies; consumption and credit offer new snares, and social needs hitherto neglected cry louder than ever (health, education, housing, community facilities, etc.). Because men realise they have reached an impasse, they seek a better understanding of the implications of the decisions they are forced to make; participative structures are acquiring fresh importance.

Through their very nature, thrift and credit co-operatives exist to serve the individual, and consequently they cannot remain aloof from the need for the community facilities which would allow him a better quality of life.

Whether it be thrift and credit or any other type, a co-operative communicates the idea of change, and participates in the gradual metamorphosis of society.

What response can thrift and credit co-operatives make to the need for change manifested by a growing sector of the population?

—First and foremost, they can share

with other concerned organisations in the search for solutions to the most urgent problems of our age, and in the determination of our collective destiny.

—They can organise and offer new services.

—They can help the very poor to organise themselves.

—They can help in the development of other co-operative sectors, by expressing the view that perhaps this is the way more quickly to bring about change.

Inter-Cooperative Solidarity

It is perhaps also by stimulating inter-co-operation that thrift and credit co-operatives will best respond to the needs of their members, as was pointed out by Messrs C. H. PERETTE (Argentina) and D. GRETHE (INGEBA). We have so far spoken only of short-term needs, those which co-operatives can satisfy straight away or in the immediate future. But the fundamental need of man is long-term: "to live in pleasant surroundings where he can expand freely and in full liberty, because they are his responsibility".

Co-operatives are particularly well suited to respond to this need, provided that they co-ordinate their activities in planned development and determine a joint strategy to this end. It is therefore the responsibility of the whole co-operative movement to attempt to respond to the essential needs of man at this moment in time, and the thrift and credit sector will have a part in this response to the extent that it is answerable to the whole co-operative movement.

SECTION II: Thrift and Credit Co-operatives faced with Competition

Members expect to satisfy their needs through a co-operative enterprise, because of its particular approach. A co-operative enterprise is unlike any other, in that its method of functioning is governed by democratic principles. Its goal is not profit but service. It is a non-profit enterprise which must still operate in a market economy, exposed to the competition of other enterprises.

This means that the co-operative enterprise must be efficient and profitable if it is to survive. Our particular challenge is to ally democracy with efficiency.

Economic Efficiency and Social Effectiveness

As we have said before, the co-operative enterprise is a means, not an end: it succeeds in the fullest sense only to the extent that it achieves aims which are more than economic. Efficiency, meaning the capacity to attain goals previously determined, forces us to put the question concerning ultimate aims. What are the ultimate aims of co-operatives in general, and of thrift and credit co-operatives in particular?

We know that these aims find their justification in the possibility of responding to the needs of members, and we know also that the needs of man are a reflection of his own nature—complex, varied and numerous. They can be placed in two categories, according to whether they find economic or social satisfaction. We are thus led to consider, first the economic efficiency of the enterprise, and secondly, man's social development through association.

We shall concern ourselves with this question of economic efficiency to start with. From Section III onwards, we shall look into the social development effected by thrift and credit co-operatives. This sub-division is imposed by the discussion, and we shall try to avoid pitfalls by bearing in mind that the performance of an enterprise cannot be dissociated from that of the association, hence from the idea of progress.

Locating the Problem

What attitude should thrift and credit co-operatives adopt in the face of competition? Is it possible to be competitive without seeking profit? What advantages and what disadvantages does the structure of thrift and credit co-operatives impose on them in their daily dealings? Can their weaknesses be remedied, and what strengths can they use to consolidate their position in the banking sector?

Interventions made during the Conference force us to the conclusion that it is particularly the *industrialised* countries which are concerned with this matter of competition, even urgently concerned. It seems that the developing countries face a different range of problems, touching on the emergence, the establishment and the growth of co-operatives, and that in those countries the question of competition bears less immediately and is less of a priority than in the industrialised countries.

In the market economies of the industrialised countries, thrift and credit co-operatives are subject to constraints

of a different order from those experienced in developing countries. Let us examine the constraints on co-operatives facing competition in the industrialised countries.

To start with: *how to offer the same level of service as the competing institutions?*

Our basic postulate is the following: if thrift and credit co-operatives are to justify their existence both economically and through their services, they cannot offer services inferior to those of the banks. Here we come to the concern expressed by Mr R. RIUS (Uruguay). In fact, the services provided by thrift and credit co-operatives must be better adapted to the needs of the individual than those of the banks. This requires imagination and initiative. To do this, the cost of services must be equal to, or lower than that of the traditional banks; or as Mr Charles VEVERKA (France) put it: "the search for optimum efficiency constitutes a constant imperative obligation on all enterprises in the co-operative sector".

Faced with the "centralism" of the traditional banking organisations, the decentralisation of our co-operatives, with their federalist structure, is a major trump card in this competition.

Intrinsic Advantages of Thrift and Credit Co-operatives

1 The *autonomy* of the primary co-operative offers the advantages of a personalised service close to the member, as we were reminded by Mr Yves TETREAUULT (Canada).

2 The co-operative is *owned by its member-users*, and is thus in a better position to respond to their needs, pro-

vided it can take full advantage of its general meetings and its leaders know how to keep in touch with members' needs.

3 Co-operatives have another fundamental advantage, they have their own particular *trade-mark* which characterises them and distinguishes them from the banks. In order to give full value to this trade-mark, we must stress the idea of co-ownership and participation, we must explain our motivation in order to tie our members to us. We can also evoke the "openness" of our operations (has it not been said that a co-operative is a house of glass?) to develop a feeling of "belonging". The foundation stones of our co-operatives have been their structure, and the initiative and imagination of their leaders.

How should Thrift and Credit Co-operatives envisage the future? The general attitude to adopt must be one of initiative. Like all other enterprises, thrift and credit co-operatives must be aware of change and adapt to it: adapt continuously to the needs of new members, to the socio-economic environment characterised by inflation and unemployment, to technological progress. Thrift and credit co-operatives will benefit from thinking in terms of the future, and taking action accordingly.

It is at the level of their structures and their operational methods and instruments, that thrift and credit co-operatives must act:

- to respond to the needs of their members;
- to respond to the socio-economic environment;
- to respond to changing techniques.

Responding to the needs of members—modernising premises and working methods, taking measures to strengthen their own funds through guarantee funds.

Responding to the socio-economic environment—adopting new techniques to adapt to the economic situation; responding to the exigencies of monetary policies; protecting our savers in an inflationary situation, and modifying for our borrowers our practices in the matter of rates and duration. In Argentina, for example, as Mr A. MONIN (Argentina) told us, thrift and credit co-operatives are at present operating short-term loans—approximately 10 months—because they feel that this is the best response to the needs of the hour.

Responding to changing techniques—modernising our accounting methods; adapting to new payment systems, such as electronic transfer of funds with terminals at sales points, as described by Mr ROBERTSON (USA); training and improving personnel performance; re-grouping co-operatives and increasing the powers of central co-operatives, as suggested by Mr F. GORINI (Argentina). Co-operatives can in fact increase their efficiency by devising adequate structures for consultation and joint action while maintaining grassroots autonomy.

Mr P. PODOVINIKOFF (Canada) explained in detail why and how the Canadian thrift and credit co-operatives had come to develop a financial institution with the principal aim of providing liquidity to its member unions, while not excluding the possibility of offering more or less long-term finance to other co-operative sectors. Such co-ordination and voluntary integration on

the part of thrift and credit co-operatives within a country is easily justified by the radius of activities of competing financial institutions, especially where the latter operate on an international scale. In all countries thrift and credit co-operatives can benefit from the establishment, on a regional or national scale, of a centralised financial body capable of responding to new needs of the co-operative financial sector, or even of the whole co-operative sector.

Mr John TERPAK (WOCCU) supported this idea of the need for collaboration between thrift and credit co-operatives, with examples of voluntary amalgamation and joint activities within a country, or between several countries. Such co-ordination offers numerous possibilities, all leading to increased profitability in the operations of the thrift and credit co-operatives practising it, and strengthening their position. Co-ordination also makes it possible:

- to organise common services for several co-operatives in the same regional, national or international area;
- to centralise the management and financial administration of several units within a larger unit, while maintaining decentralised services at the points where they are needed by members; as mentioned by Mr Claude BELAND (Canada);
- to practise economies of scale with more resources available;
- to widen representational powers;
- to effect vertical integration on a larger scale (such as the acquisition of profit-making banks);

- to finance joint projects in a development framework;
- to ensure more effective representation at government level.

Selling Co-operation

Whatever methods and techniques may be contrived by mutual credit co-operatives to improve their efficiency as commercial enterprises, the co-operative trade-mark must always show through. Their members, and the public, must be conscious of the fact that transactions with a co-operative differ from transactions with a bank. What is the difference? The banks court the public and try to gain favour by offering all sorts of financial services. Thrift and Credit co-operatives may offer those same services, but they also offer the right of legal ownership of an

enterprise which genuinely belongs to its members, whose activities are oriented towards satisfying their needs.

Besides offering the best financial services to their members, thrift and credit co-operatives will stand the best chance of distinguishing themselves from other financial institutions by developing a system of co-operative selling which would aim at bringing the member closer to his co-operative and strengthening his feeling of participation in a process based on the organisation of mutual solidarity, as was suggested by Mr A. LEWINSKY (Israel). This is the motivation, not wholly economic, that will enable thrift and credit co-operatives to win the economic battle. They will then be the better prepared for another battle, that of social effectiveness.

SECTION III: Conditions for Social Effectiveness of the Co-operative Sector

At a time when orthodox economic science recognises the necessity of regarding social development as a corollary to economic development, co-operatives cannot stop short at the evaluation solely of their economic efficiency and profitability, especially as the recognition of this duality is fundamental to their very nature.

Having examined the economic efficiency of the thrift and credit co-operative sector, we now come to their role in social development. In other words:

What are the means available to enable the Co-operative Sector to respond to the needs of its members, and what criteria can we use to evaluate these?

In our report we shall take into account, as Mr J. MOREAU (France)

did, two operational levels—the primary co-operative and the federation. Without being too rigid, we will analyse the primary co-operative and try to evaluate its capacity to satisfy the individual needs of its members. We will then examine the role of the federation and try to evaluate its capacity to resolve the problems inherent in a collective body.

(A) Criteria for the Social Effectiveness of Primary Co-operatives

Co-operation wants nothing less than to contribute to the well-being of the individual by placing in his hands an instrument which he may use to fulfil his destiny in all liberty and dignity.

What means has it set up to achieve this?

1 The most important—*education*. Education for responsibility, for taking in hand one's own destiny, which leads members to concern themselves, at first, with their own affairs within the co-operative, then later awakens an active sense of civic responsibility working for the better well-being of the community.

Co-operative structures, which by their very nature are participative, draw their life from education. We could even go so far as to evaluate the effectiveness of education within a co-operative by the degree of participation of its members, so much is the latter a consequence of the former. On this point we agree with Dr W. HART (Brazil).

2 *Member Participation*. Both rich and poor countries agree on the importance of participation as a gauge of a co-operative's success, but the way it operates varies according to whether the co-operative is situated in the one or the other.

The industrialised countries have a relatively long history of Co-operation. Thrift and credit co-operatives have established their position on the market, and are even improving it; their members are satisfied with the services provided and are, on the whole, loyal although general meetings are often poorly attended. The feeling of 'belonging', so strong in times of difficulty, has slackened and a sudden change in the economic situation could cause wholesale desertion.

The third world countries may envy us our problems, which are the problems caused by prosperity. In their case, so

much is still to do, from the point of view of development as well as of Co-operation. We cannot impress too strongly upon them the importance of this feeling of 'belonging', nor that they should neglect nothing in the field of training and information.

In the industrialised countries, as in the developing countries, the social effectiveness of the co-operative movement depends on the effective functioning of its democratic structures. It is to be feared that, in our large co-operatives, both our chosen administrators and our members have abdicated their powers, leaving them in the hands of the technocrats. Competence and economic profitability appear to many to be the strongest if not the most legitimate criteria. Democracy must renew its 'letters of patent' in this respect, as was so well expressed by Mr LICHOU (France).

3 *Employee Participation*. It is desirable that the workers in a co-operative should be regarded not merely as employees, but should also participate in its development.

4 *Extension to other sectors*. Once members have grasped the nature of co-operative commitment within their thrift and credit co-operative, they will want to start again in other fields, take into their own hands other aspects of life hitherto out of their control.

(B) Criteria for the Social Effectiveness of Federations

We now come to the second point, the federation.

As Mr Martin Legere, Director-General of the Federation des Caisses Populaires Arcadiennes (Canada), said

at an international meeting held last year in Montreal:

“It is utopian to believe that we can really assist the individual to improve his economic and social conditions simply through the accumulation of monetary funds, unless those funds can be put at his disposal through the medium of other co-operative institutions . . . The people’s banks must go further, they must help the community by a *continuing interest in the development of related co-operative institutions so that the savings of the thrift and credit co-operator may be used for the integrated development of the individual.*”

When we discussed earlier the idea of immediate needs and long-term needs, we wondered whether the development of co-operative strategy might not be one of those long-term needs—not immediately apparent to members but indispensable for the movement, and for the members of tomorrow; because the movement must of necessity ensure its own future progress, and organisations with a larger territorial coverage must take over where the activities of primary co-operatives end. The same is true of inter-cooperation and co-operative development.

Each co-operative sector contributes only a part to the ‘integrated development’ of the individual, but all working together can claim to achieve the whole. This is the co-operative idea, which develops under the force of its own dynamism, a force which must be supported by every co-operator and every co-operative body.

As part of a development strategy, we can conceive of two forms of collabor-

ation within the co-operative movement:

- 1 between organisations in the same sector;
- 2 between organisations of different sectors.

In both cases such exchanges can take place at national or international level, as described by Mr B. S. VISHWANATHAN (India).

1 *Between organisations in the same sector.* Many countries recognise more than one type of thrift and credit co-operative, and although they all pursue the same ends they do not always pursue them in concert. History cannot be altered, but would not some *rapprochement* be desirable? This would allow for greater influence with the public authorities, better representation, and the organisation of common services, for the greater benefit of members.

The same advantages can be found on the international level, including that of increased contact with international organisations.

2 *Between organisations of different sectors.* Co-operatives have much to gain from collaboration, as in the examples quoted by Mr A. TERAN (Panama), and the hopes expressed by Dr S. K. SAXENA (International Co-operative Alliance).

Do they not have the same principles in common, the same interests to be protected? Do they not face the same problems: member relations, employee relations, training problems, legal problems? Pooling experience and searching together for solutions must contribute to the progress of the whole

movement and increase its socio-economic impact.

This stage is far from being reached in many countries, and yet even this is not enough. Collaboration or, as Professor Paul Lambert would say, "the will to conquer and co-operativise the world's economic and social systems", demands the concerting of all national co-operative endeavours, not only on organisational problems, but also—and especially—on future development plans and the strategy necessary to

achieve them.

Co-operatives cannot remain estranged in this "crisis which affects the liberal economy", to take up the phrase used by Mr M. BUSCARINI (Italy). Co-operatives cannot remain insensitive to the future of humanity. On the contrary, they have things to say, things to suggest, and other things that they themselves can accomplish and for which they already have at their disposal the necessary resources and powers.

SECTION IV: The Role of The Thrift and Credit Co-operative Movement in face of the International Economic situation and the Monetary Crisis

These considerations bring us to the core of the theme following, which forces us straight away to look at the economy from a world viewpoint. In economic matters, in fact, frontiers have ceased to exist: interdependence is world-wide, and prosperity is unobtainable without the combined actions of all countries. This means that crises are also world-wide—not only monetary crises but, even more basic, also development crises. "And it is in this latent development crisis", as our President reminded us, "that sickness in international relations flourishes. It is unfortunately at the international level that the most scandalous inequalities and the least admissible divisions can be seen, despite efforts made over the years—not without resolution, not without courage, but without decisive results—to reduce discrepancies in the standards of living between the less well endowed and the more favoured countries."

The common interests of humanity alone today should compel us to get

together to overcome the crisis of civilisation which confronts us.

In this respect we must underline the points existing in common between those who support the co-operative ideal and the consensus of those who are promoting a new international order. The consensus of ideas on the general level would seem to be:

a consensus on the objective: concerning development, which is seen as for all men and the whole man;

a consensus then on the approach: the new economic order will spring from co-operation, that is from dialogue and concerted action;

a consensus finally on the means: every society will organise its own development, making the most of its own resources but admitting the reality and necessity of interdependence.

Co-operation and the New World Economic Order

We must next define specific concrete

actions which thrift and credit co-operatives could undertake from this point of view.

1 *International collaboration*

The internationalisation of capital necessitates an equivalent internationalisation of the Thrift and Credit Co-operative Movement. To counteract the consequences of supranational economic action, such as the "savage" capital movements which so often provoke monetary crises, the co-operative movement must fight at the international level for the creation of controls outside the multinational firms and national governments. Such international collaboration would allow joint monetary activities to be carried out which conformed both to the needs of members and to the ideals pursued by the co-operative movement, as Dr J. K. TEICHERT (Belgium) observed from that European experience.

By way of example, one could envisage more technical forms of co-operation:

- a system of guaranteed cheques payable by affiliated bodies to international organisations;
- credit cards valid in the various affiliated countries;
- equalisation of liquidity surpluses;
- participation in international loans;
- participation in establishment, development and financing of thrift and credit co-operatives in developing countries; technical assistance in these countries.

Finally, in discussing the role of co-operatives, given the present organisation of the world economic system, one is driven to discussion of a new

international economic order. We realise first of all that the promoters of this new international economic order pursue similar goals and ideals to those of Co-operation: elimination of poverty, better distribution of wealth, freedom for nations to develop in accordance with their own objectives, etc. Co-operatives, as we have already said, contribute to the cultural, economic and social development of communities where they are established, and can therefore play a fundamental role in setting up a juster international order.

2 *Aid to developing countries*

This can be done even better if the co-operatives of developing countries are assisted by the co-operatives of industrialised countries. Such aid finds its natural justification in the co-operative nature of the bodies concerned and the solidarity underlying their existence, in one continent as in the other. Inter-cooperation can take numerous forms. Technical assistance is without doubt the most urgent, but it must be carried out with due respect, that is, the receiving countries must be the ones to decide on the allocation of the resources put at their disposal by the wealthy countries, in accordance with their own priorities and their own objectives.

Technical assistance, as with other types of assistance, can take various forms:

- directly between the countries concerned through the intermediacy of co-operative central bodies;
- co-operative to co-operative, on a "twinning" basis;
- on a larger scale through joint action between several industrial-

ised countries and several developing countries;

—by agreement between the countries concerned and international bodies.

CONCLUSION

The wealth of your interventions has forced me to speak at length, so my conclusion will be brief. From all that has been said, it seems to me that three main ideas stand out.

The *first* is a call for initiative, for imagination, perhaps for non-conformity, to get away at all costs from the beaten path. In the world in which we live, with its rapid transformations, to stand still is to move backward. Thrift and credit co-operatives must adapt their methods, their structures, their objectives, and their mentality to the changing world, the world in the making. The translation into fact of these imperatives wears many forms, some of which are still to be invented, but it seemed to me that the instrument which you favoured was voluntary co-ordination and amalgamation within the co-operative financial sector as expressed by Dr REZZONICO (Argentina). Such willingness to join together to do things together opens the way to hitherto unsuspected prospects, whether looked at from within national frontiers or in the field of international action.

The *second* idea that stands out, is that the ideal conveyed by Co-operation seems more than ever before to be in popular favour and to correspond to popular aspirations, in both developing

and industrialised countries. The type of development propounded by Co-operation, and the uniqueness of its organisation, attract an ever-increasing number of adepts, and the co-operative movement today embraces a significant proportion of the world's population. This means also that our Movement can no longer be ignored by the governments in power. In order to safeguard our identity, it behoves us to press these governments for the same legislative advantages as are granted to traditional banking enterprises. Governments should lend their support to an economic institution which aims at awakening and developing a sense of democratic and social responsibility.

The *third* idea, which for me is the most significant, is the will expressed by many of you to strengthen international solidarity between our co-operative thrift and credit institutions. This will, it seems to me, is not confined to exchanges of technical information or to the better preparation of our interventions in the competitive markets. I see it rather as a desire and a willingness to participate in the building of a new international economic order in which the Thrift and Credit Movement, with other forms of co-operative organisation, could play a decisive role in building a juster and more equitable society.

RECOMMENDATIONS

Relations between the State and Thrift and Credit Co-operatives

More than ever before, thrift and

credit co-operatives seem to be contributing to the well-being of larger sections of the population in both

industrialised and developing countries. They are the instruments of economic liberation, allowing the individual to assume his responsibilities in all freedom and dignity.

In addition to providing economic advantages for their members, they play a vital role in education for democracy.

In order to safeguard the identity of thrift and credit co-operatives, the State should help to create a climate which allows them to develop; they should be accorded at least the same advantages, legislative and otherwise, as the traditional banks.

International Collaboration

There is a considerable demand for assistance from thrift and credit co-operatives in the developing countries. Such assistance could be provided by the industrialised countries. It should be co-ordinated both at national and international level.

The technical experiences of advanced co-operatives provide a powerful proving ground for aid to less developed co-operatives. This aid should be adapted to the specific needs of developing co-operatives.

Quality of Services

Members of thrift and credit co-operatives are entitled to better and cheaper service than that obtainable from traditional banks.

Training and information, the definition of goals and the means by which they can be achieved, are essential conditions for the maintenance of respect for principles while at the same time ensuring optimum technical efficiency.

The International Situation

In a society in which the economic and monetary crisis is not only continuing but also growing, thrift and credit co-operatives by their vocation and their experience have an irreplaceable role.

To fulfil this role effectively, they must acquire resources in order to contribute to the building of a juster and more brotherly society.

Their first contribution must be to pledge the means for setting up a guarantee fund which could facilitate aid to the most destitute, seeking association with other bodies for this purpose.

Credit Co-operatives in Brazil

by

Maria Teresa R. Teixeira Mendes,
FELEME* (Brazil)

Historical Synthesis

The analysis of the Credit Co-operative Movement in Brazil can be divided into two distinct periods: from 1902 to 1960 and from 1960 to date.

The first stage registers the start of several types of co-operatives within the classic mould, and the second stage, the development of the *Desjardins* system through the creation of the *Credit Unions* as such.

The movement as a whole absorbed, as it were, the characteristics of the credit co-operatives of other countries, mainly through the influence of German and Italian immigrants who settled here.

Therefore, the Brazilian co-operative system grew and developed, constituted by co-operatives of the following types:

- I—Rural banks on the Raiffeisen system;
- II—People's banks on the Luzzatti system;
- III—Co-operative Credit Unions (*Desjardins*) and their respective secondary organizations.

The Raiffeisen rural banks, mainly in the south of the country, were the pioneers in the sector, due to the work of Father Teodoro Amstadt, who organ-

ized in 1902 the first of its kind in accordance with the principles and characteristics established by Raiffeisen.

The reason for the relative success of the movement initiated by Father Amstadt in Rio Grande do Sul, a state located in the extreme south of the country and which forms the frontier with Argentina and Uruguay, was basically due to the more favourable social and economic conditions in the region coupled with the fact that it operated among Germans and Brazilian Germans who were more accustomed to partnership ideas and the practice of saving.

By the mid-sixties, Raiffeisen banks had developed in several counties of the state with 62 units and a Central Co-operative Union.

The Credit Co-operative Movement in Brazil was not limited, however, to the Raiffeisen Banks. Luzzatti People's Banks were also founded, although they did not reach the stage of organized groups.

Luzzatti People's Banks were created principally in urban areas and the capitals of the states with the aim of meeting the demands of their members for personal credit, and also carrying out credit operations with non-members through the receipt of deposits.

The Co-operative Thrift and Credit

*FELEME was the host organisation for the 4th International Conference on Co-operative Thrift and Credit.



FELEME Annual Meeting

Unions, organized in 1960, which will be analysed with more detail in this paper, are characterized by the common link existing between their members, a restricted area of action, and free services of their administrators.

Credit Co-operatives and Government Policy

The development of Credit Co-operatives in Brazil with their successes and failures cannot be examined without taking into consideration the effects of the specific laws relating to credit

co-operatives, since government actions were always taken in accordance with the economic, financial and social situation of the country in its different stages of development.

The first Brazilian Law concerning co-operatives in general dates from 1907. Although placing the co-operatives in the same category as trade unions, Decree Number 1637 permitted the creation of a diversified network of co-operatives in both the urban and rural sectors.

With the objective of creating facil-

ities for the expansion and consolidation of the co-operatives, the Government issued in 1932 Decree Law Number 22.239, a law essentially democratic, which expressed almost in its entirety the philosophy and doctrine of the regime. It gave full liberty for the constitution and operation of co-operatives and established the infrastructure of the national co-operative system. Although it was considered liberal and suitable to the social and economic conditions of Brazil at the date of issue, it became out of date over the years.

A Credit Union at work

The co-operatives did not create any structure and were unable to keep pace with the industrialization of the country, nor with its economic and social transformations; nor did they accept the necessity of appropriate state intervention because of the low cultural standard of the majority of members and directors.

Current Status

After 1960, with increased inflationary pressures and the measures taken by the monetary authorities trying to control the national financial system, the



Credit Co-operatives suffered direct impacts which influenced their operational and institutional structure.

Thus the Inspectorate of Currency and Credit, the Government agency in charge of inspecting the financial institutions which were expanding abnormally because of the inflationary spiral, took action.

The bankers on their part, started to exercise pressure against the Credit Co-operatives, using as an argument, that some of them were operating as commercial banks and not as co-operatives.

The escalation of the problem obliged the monetary authorities to suspend the registration of new credit co-operatives. Restrictive measures were also taken against existing co-operatives.

The Co-operative of Economy and Credit Unions

It was within the adverse conditions of the foregoing situation that the Co-operative of Economy and Credit Unions emerged.

It could be foreseen that the situation would not be easy, but there were hopes that a better structured movement would modify the impression created with the authorities. It was therefore necessary to find new ways, and a programme for organizing co-operatives of the Desjardins type was carried out.

The first contacts with organisations, companies and interested parties were made by idealists who believed in the possibility of success for the Co-operative and Credit Union Movement in Brazil.

In this respect, the support given by the National Conference of Bishops, and by the National Credit Union Assoc-

iation—CUNA—which sent a specialist to study the viability of the programme in Brazil, was of the utmost importance. The Federation of Credit Unions of Illinois (USA) also assisted with some financial resources; the movement was developed however, with donations from the Bishops Conference of Brazil, Canada and the Canadian Organization for Development and Peace.

The difficulties in their way were many, especially the lack of financial resources and the Federal Government prohibition against registering and legalizing credit co-operatives.

The creation of the Central Bank in 1964, which had the function of inspecting these organizations, legalized and authorized the operation of the Co-operatives of Economy and Credit Unions, restricting, however, their area of operations.

Thus, although the co-operatives are organized as companies, in several cases, they assume the function of real community co-operatives, since the company is the major economic unit in the region and its employees and members are the inhabitants of the city.

The South-Eastern Federation (A Federação Leste-Meridional-Feleme)

The South-Eastern Federation of the Co-operatives and Credit Unions was founded in 1961 with only four branch co-operatives. Its area of action included the states of São Paulo, Rio de Janeiro, Minas Gerais, Espírito Santo and Paraná, all situated in the Eastern region of Brazil.

It is located in the social-economic region that offers an excellent potential for the expansion of the movement,



Some Credit Union members

principally due to its high level of industrialization, and which concentrates large numbers of workers, usually those who benefit mostly from co-operative credit unions.

From the date of its foundation, the Federation placed special emphasis on *integration*.

The Feleme, being aware that its principal strength comes from the participation of its branches, obtained positive results in this aspect, never reached in other countries. Although affiliation of co-operatives is not compulsory, 95 per cent adhered to the movement.

There are at present 195 affiliated co-operatives with approximately 160,000 members concentrating funds equivalent to US \$16,000,000.

The apparently low number of co-operatives is due to the constant pre-occupation of the movement to grow in quality rather than in quantity, organizing bases that can really reach its main purposes and not distort rules, thus providing reason for State interference.

Education is one of the main works undertaken by the FELEME. The financial and social education of the member is considered of more impor-

tance than purely and simply the concession of loans.

Also, as its main work, the Feleme represents its co-operatives versus the Government, looking for the most effective way of co-ordinating the system. With its wide experience, it favours steady growth in the number of members as well as the development of the economy.

The uniformity of operations of the affiliated co-operatives helps to maintain unity in administration. This improves the system of control and the stability of the movement.

Trends

The Federation having attained a reasonable point of efficiency, is currently considering new plans for

expansion and for providing better services to its affiliated co-operatives.

The points being examined include the formation of a central Co-operative Credit Union which will be entitled to effect operations with Federated Co-operatives, receiving deposits and channeling funds.

The main advantage of the Central Credit Co-operative Organization besides extending loans to its associates will be to provide for the constant turnover of capital which would otherwise stand idle.

In the area of co-operative education, a more direct relationship with co-operative affiliates is being sought, since education has in the past been mainly carried out by administrators and managers.

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The October Revolution and the Co-operative Movement

by

A. P. Klimov

Chairman of the Board of Centrosoyus (USSR)

Vice-President of ICA

This year, the Soviet nation and all progressive humanity celebrate an important jubilee—the sixtieth anniversary of the Great October Socialist Revolution, which has been the main event of the 20th century, since it marked the onset of the era of socialism.

Six decades ago, in October 1917, the proletariat of Russia united with the toiling peasantry, under the leadership of the Communist Party with the great Lenin at its head, overthrew the bourgeois, land-owning structure and founded the Soviet state—a new kind of state, in which the exploitation of man by man, class antagonisms and national enmity were eliminated, and in which social ownership of the means of production and democracy for the toiling masses were established for ever. In a very short time the country was fundamentally transformed by industrialisation, the collectivisation of agriculture, a cultural revolution and the just solution of the national question, to become a powerful great socialist power with an outstanding economy, science and culture. Its national product is now 65 times that of pre-revolutionary levels, real incomes of

the workers are 10 times greater and of the peasants 14 times greater. Today the USSR has a fully developed socialist society with a mature system of social relationships which are gradually developing into communist ones.

The October Revolution also brought about profound and all-embracing changes in the world at large and provided a powerful impetus for all ranks of the international labour movement and the national liberation struggle. The revolutionary process initiated by the Revolution culminated in the victory of socialism in a series of other countries and led to the founding of a world system of socialism. The powerful pressure of the national liberation movement led to the collapse of the colonial system and dozens of new independent states came into being. The Soviet Union and other socialist countries, supported by progressive forces throughout the world, strive for the reorientation of the whole system of international relations, for the promotion of detente, the affirmation of the principles of peaceful coexistence of states with differing social systems.

The October Revolution, and the

fundamental changes in the world which it brought about, have also had an enormous influence upon the co-operative movement, both in individual countries and in the international arena.

The first and most important result in this field was the creation, first in the USSR and afterwards also in other socialist countries, of a new type of co-operation—socialist co-operation.

The social and economic nature of co-operation, its role and the possibilities of its development, are determined by the social structure and the conditions in which it operates. Under capitalism, while co-operatives play an important role in protecting the interests and improving the life and working conditions of workers, peasants, office workers, artisans and tradesmen in their struggle with capitalism, they must submit to the economic laws of capitalism in their development. Their development possibilities are limited by the domination of private capitalist ownership of the means of production. Large-scale capital strives to smother co-operatives in the competitive struggle, and to place tax and other obstacles in their way. The opportunities to expand co-operative activity are limited by the market element, by the crisis state of the economy and by continuous inflation. Under these conditions co-operative organisations have to keep up a hard struggle merely to exist.

The co-operative movement existed under such conditions also in Tsarist Russia. Up to 1917 the authorities forbade the creation of an all-Russian union of co-operatives, there was police supervision of co-operative activity and the co-operative statutes were sanctioned

by the Ministry of Internal Affairs. Economically weak, and powerless to compete with capitalist employers, co-operatives played only an insignificant part in the economy of the country: for example, on the eve of the First World War the consumer co-operative movement, although one of the most powerful in the world (10,000 co-operatives with 1.4 million members), was responsible for no more than 1.5 per cent of the country's trade.

After the October Revolution, popular power and the socialisation of the means of production brought about a fundamental change in the social and economic nature of co-operation and its significance in the life of our country: it became socialist, was transformed into one of the most effective means of the construction of socialism and a genuine mass organisation. Now the consumer co-operative movement alone numbers around 64 million people in the USSR.

The second most important consequence of the October Revolution in the field of co-operative construction was the emergence, initially in the USSR and later also in other countries where the socialist Revolution was victorious, of higher forms of co-operatives, that is to say, productive, agricultural, industrial, fisheries and other co-operatives with the basic means of production and work of their members fully socialised.

The main constituent of the programme of construction of socialism and communism in the USSR was, and still is, the Leninist co-operative plan—a plan for the socialist transformation of small-scale industrial and above all small-scale agricultural production, and for its collectivisation with the aid of co-operation. Lenin suggested that the



*Co-operative
shopping centre
(Ukrainian
Republic)*

*In a co-operative
department store
(Byelorussian
Republic)*



*Co-operative shop
"Gifts of Nature"*



small individual peasant economies should be transformed into large-scale socialist concerns through voluntary and gradual socialisation on the co-operative pattern: initially within the framework of the simplest forms of co-operatives (consumer, supply, marketing, credit), with the means of production, exchange and work only partly socialised, then afterwards, as the necessary conditions were established, in productive co-operatives with complete socialisation of the basic means of production and labour.

The Leninist co-operative plan was the basis of the agrarian transformation which took place in the USSR and, on this basis, for the first time in the history of mankind, was established peasant productive co-operation. Socialism was built into the village economy: in place of the 25 million small-scale peasant households, large-scale modern co-operative economies were set up—kolkhozes—which now number 29,000. This was a revolutionary upheaval in the countryside which delivered the peasantry from eternal exploitation and misery and which set up the conditions for them to participate in the management of social production.

The emergence of socialist co-operatives with their higher, productive, forms, their development under conditions of popular reconstruction and the influence of the economic laws of socialism, brought into being many new principles for co-operative activity such as:

—close collaboration and mutual help on the part of the co-operative movement with the whole system of productive relationships found under socialism;

- the achievement of aims held in common with the socialist state in the general economic interests of all workers;
- the carrying out of co-operative activity in accordance with the main aim of socialist production—to satisfy increasingly fully the growing material and spiritual needs of the people;
- the development of the co-operative economy along planned lines;
- the universality and necessity of work distribution according to quantity and quality on the basis of the principle “equal pay for equal work”;
- the assistance of co-operatives in the perfecting of socialist democracy, in drawing in workers to manage the affairs of society, in the inculcation of the principles of social self-management;
- the broad use of the organisational, financial, material and technical assistance of the socialist state;
- the increase in the socialisation of co-operative property so that it should belong to all the people.

After the October Revolution the co-operative movement in the USSR developed—and still develops—through the vast organisational, political, financial, material and technical assistance rendered by the socialist state, whose co-operative policy is based on the teaching of Lenin on co-operation, and its role and place in the construction of a new society. In the very first days of Soviet power, Lenin revealed that co-operation is “a machine for distribution to millions, without which it is impos-

sible to build socialism at all rapidly", that "the simple growth of co-operation is for us equivalent to the growth of socialism". He considered co-operation as the best democratic mechanism prepared by the history of capitalism for the purpose of distribution, an enormous cultural heritage which should be valued and used as a form of management, as it permits the millions of workers and peasants to be drawn into the management of society's affairs.

For this reason, the party and the Soviet state have, at all stages of socialist construction, stimulated the development of co-operation in every possible way. From the first days of Soviet power, co-operatives have been granted tax, rental, tariff and other advantages and privileges over individual and private capitalist employers; they have received credit and the best ranges of goods, insurance against losses due to lowering of prices, the right of participation in central and local supply organisations; they have been given preferential treatment in the placing of state orders, the advancing of money and raw materials. They now make wide use of state credit on advantageous terms, and of material and technical provisions from centralised state funds.

The enormous change brought about by the October Revolution in the character of co-operative activity and the conditions under which it operates are clearly evident in Soviet consumer co-operation. For 60 years this branch of co-operation has been developing as one of the main forms of Soviet trade, organising economic links between town and countryside, purchasing and processing agricultural produce, drawing

local resources into economic operations and helping to raise the material well-being of the workers. Expanding its activity, the consumer co-operative movement has helped to restrict and supplant the influence of private capital on the economy, has assisted the industrialisation and collectivisation of the country, the growth of social production and the achievement of a cultural Revolution.

While still retaining full organisational, administrative and economic independence, basing its operations on the provisions of Co-operative Law, on the principles of self-management and democracy, consumer co-operation has come to occupy an important place in the economic and social life of the country. The Soviet state has constantly given, and continues to give it financial, material and technical help, in the form of both grants and loans. The consumer co-operative movement makes wide use of credits given by the USSR State Bank: short-term credits at 2 per cent interest for the formation of working capital, and long-term credits (up to 10 years) at 1.5 per cent for the development of material and technical bases, for which repayment commences in the fifth year after the first advance has been made. In addition to this, co-operatives which are situated far from railways and waterways receive from the state budget allocations, which need not be repaid, to reimburse the transportation costs of obtaining a large range of goods from a distance of more than 10 kilometres, and they are also reimbursed for the difference in prices and trade discounts under certain conditions and to a prescribed extent. With regard to tax privileges, newly estab-

lished co-operative productive enterprises and departments which work with local raw materials are exempt from income tax by the state for the first 2 years, and co-operatives are not taxed on their income from their own dairy stock-raising, poultry farming, market-gardening and fishing. Provision is made in state plans for the material and technical requirements of co-operative activity. The great bulk of goods sold by co-operatives comes from state industry. Around 53 per cent of co-operative income consists of income from trading, and therefore it can be said with full justification that the main wealth of each consumer co-operative in the Soviet Union is achieved with the decisive help of the state.

Consumer co-operation, and indeed all other types of co-operation in the USSR, operate under conditions of planned economy, with no market or competitive elements. Centrosoyus and the republican unions of consumer societies participate in the work of the national bodies which determine economic and social policy in the country. By way of a system of economic agreements, co-operatives actively influence the development of industry and agriculture and the planning of the commodities structure and play an active part in the fixing of pricing policy. As a social organisation, the consumer co-operative movement plays an important role in the system of socialist democratic organs, by drawing millions of its members into the direct management of the affairs of society.

Nowadays, Soviet consumer co-operation is a major social and economic organisation, which plays an important role in the life of Soviet society. Its

achievements can be demonstrated particularly clearly by a comparison of the indices of economic activity today with those of 1940, when the origins of socialism were finally established in the country.

The consumer co-operative movement provides trading services for almost half of the country's population. Its retail trade turnover, of which 70 per cent takes place in rural areas and 30 per cent in towns, reached 63.8 milliard roubles in 1976, while in 1940 it was 4.2 milliard roubles. Of this total, 46.7 per cent was for non-foodstuffs. In 1940 radios, electrical goods, cars, furniture, carpets, motorbikes, bicycles and watches made up 3.7 per cent of co-operative turnover. Now their share has reached 21.2 per cent; for example, the consumer co-operative movement only began to trade in television sets in 1955, when they sold 48 sets; in 1976 the figure had reached 1,850,000. In 1940 45,000 radio sets and radio-gramophones were sold, while in 1976 the corresponding figure was around 2 million. The total number of domestic refrigerators sold in 1960 was 45,000, while in 1976 it was 1.4 million; the respective figures for washing machines were 55,000 and 1.22 million, for motor cars—17,000 and 322,000.

Co-operators help to satisfy the daily needs of the population by developing public catering, bread-baking and the processing of local agricultural produce. The turnover of 88,000 co-operative canteens, restaurants and cafes in 1976 was 3.7 milliard roubles, while in 1940 it was only 322 million roubles. Co-operative bakeries and bread factories now produce around 12 million tons of bread per year, twice as much as in 1940,



*A co-operative
bottling factory
(Georgian Republic)*



*Co-operative
hunters and
their catch
(Nenets national
territory)*



*The co-operative
restaurant
"Berkoot"
(Carpathian region)*

replacing 80 per cent of domestic bread baking with their industrial production.

The consumer co-operative movement purchases more than 60 types of agricultural produce and raw materials. It is responsible for the purchase of 100 per cent of wool, eggs and honey in the country, for 50 per cent of potatoes, 34-35 per cent of vegetables and the raw materials for the tanning industry, 30 per cent of fruit, 71 per cent of melons, 40 per cent of pelt and fur raw materials (72 per cent of finished furs), 30 per cent of astrakhan, 75 per cent of mushrooms, 60 per cent of wild fruits and berries, 80 per cent of medicinal and technical raw materials. Purchases in 1976 totalled 7.2 milliard roubles, whereas in 1950 they did not exceed 186 million roubles.

Twenty-five thousand co-operative productive enterprises produce hundreds of types of food and non-food goods worth a total of more than 5 milliard roubles. In addition to this, a whole series of branches of co-operative production such as canning, beer brewing, fur farming, fish smoking and cattle-fattening, were set up in the post-war period. In 1976, for example, 1.34 milliard cans of preserves were produced, whereas in 1960 when these branches were first started up, the total was 160 million. Confectionery and sausage production is developing successfully, and also beer, wine, spirits, dried, fermented and pickled products, and the fattening of cattle and poultry. In the 60s, co-operators began to develop rearing of caged stock. In 1965 they produced fur worth 39.2 million roubles, while in 1976 this production was worth 174.2 million roubles. Using

local and semi-processed raw materials, co-operatives have produced sewn articles, footwear, knitwear, hats, souvenirs, building materials, furniture, paper, trade and technological equipment, special packaging and various types of machinery.

The consumer co-operative movement conducts considerable foreign trade with co-operatives and enterprises of 45 countries. The volume of its foreign trade has increased by three times in the last 10 years alone.

Capital investment in plant and premises for all branches of co-operative activity has increased from 37.8 million roubles in 1940 to 953.4 million roubles in 1976. In 1940 material and technical bases for trade, public catering and other branches of co-operative activity were scarce and makeshift. At the present time, the consumer co-operative movement has at its disposal 371,000 retail establishments for general trade with an area of 18.5 million square metres. The average trade turnover for one shop has increased 9 times, and has reached 188 thousand roubles against 21 thousand roubles in 1940. In 1953 the average area of one trading unit was 28.5 square metres, whereas now the basic type of trading unit is the department store, with an area of from 400 to 2,000 square metres, as well as trading centres and complexes (from 1.5 to 10 thousand square metres), shops selling goods bought daily (150-300 square metres), specialised shops (150-200 square metres). Self-service methods are used in 62 per cent of these. Co-operative transport and parcel trade is also developing successfully. Through a network of mobile shops and kitchens, co-operators serve the workers

of the villages, those involved in sowing and harvesting, directly at their places of work.

Co-operative organisations have at their disposal 1,400 wholesale trading bases, refrigeration plants with a capacity of 504 thousand tons at a time, vegetable and fruit preservation plant with a capacity of 2.1 million tons, and receiving and processing units for 1 million tons. Now modern mechanised wholesale trading centres are being built with areas of 10-20 thousand square metres or more.

Staff for co-operative organisations and enterprises are trained in 6 institutions for higher education with 11 subsidiary branches, 125 technical colleges, 158 professional, technical and other schools, 10 study-course training centres, and more than 2,000 schools within enterprises. In 1940 there were in all 3 co-operative institutions for higher education, 36 technical colleges and 8 vocational training institutions. Now every year from co-operative institutions emerge 6,000 specialists with higher education, 48-50,000 specialists with medium grade training, and 170,000 workers with vocational training. In 1940 co-operative institutions for higher education trained a total of only 100 specialised people, and the co-operative technical colleges trained only 900.

The consumer co-operative economy is developing dynamically and at a steady pace. During the current five-year period (1976-1980) its retail turnover will increase by 28 per cent in comparison with 1975 (calculating on a per capita basis—by 31 per cent); the turnover of public catering establishments will increase by over 29 per cent;

the volume of industrial production by more than 16 per cent; the purchase of agricultural products and raw materials by more than 20 per cent. It should be noted here that if in 1975, 1 per cent of commodities turnover was 562 million roubles, then in 1980 it will already be 725 million roubles; correspondingly, 1 per cent of turnover in public catering, 17.6 million roubles and 23.3 million roubles respectively; 1 per cent of the volume of industrial production achieved—45 million and 53.4 million roubles; 1 per cent of purchasing turnover—76.8 million and 92 million roubles.

The development of the consumer co-operative movement has been accompanied by a concentration of economic activity and the consolidation of co-operatives according to local conditions and with appropriate rearrangement of their organisational structure and management. While in 1940 32,422 consumer co-operatives were active in the country, now their number is only 7,510. The fundamental changes in the co-operative economy which have taken place during the years of socialist reconstruction are evidenced by the growth of the retail turnover of an average consumer society from 131 thousand roubles in 1940 to 8.3 million roubles in 1976. As late as 1967, up to 70 per cent of co-operatives had a turnover of no more than 2 million roubles, whereas nowadays this percentage has dropped to 12 per cent; on the other hand, the proportion of co-operatives with a turnover of 6 million roubles has reached 44 per cent.

Together with kolkhozes and other types of co-operatives, consumer co-operatives make a valuable contribution

to the construction of a classless communist society. That is why the new Constitution of the USSR, in reflecting the basic achievements of the October Revolution and of victorious socialism, and in determining the tasks and aims of communism, elevates the role of the country's social organisations, among them co-operatives, in the resolving of political, economic, social and cultural questions; grants them the right to initiate legislation; declares that the state promotes the development of co-operative property, protects it, creates the conditions for its increase and, in particular, encourages the activities of co-operative organisations in their services to the population.

The October Revolution, which changed the alignment of forces in the world, also created in the international arena and in individual countries new conditions for the activity of mass social movements and workers' organisations, encouraging all existing democratic social movements and calling new ones into being. The international co-operative movement, too, experienced its life-giving influence, and in the past 60 years, enormous changes have taken place within it. These changes began immediately after the emergence in the international co-operative arena in the 20s of the Soviet Centrosoyuz. They became even more profound after the Second World War with the springing up of new socialist states and the emergence of their co-operative organisations. Co-operators of the socialist countries, participating in the international co-operative movement, support the protection of the interests of the workers, oppose imperialism and colonialism, and support peace, demo-

cracy and social progress, the development of friendship and collaboration with co-operators of all countries; their collaboration develops in line with the principles of brotherly friendship, equality, mutual understanding and mutual benefit, on a planned long-term basis, and embraces all aspects of co-operative activity, providing a good example for co-operators of other countries.

As a result of the collapse of the colonial system, there emerged in the international arena the co-operative organisations of the young liberated countries. Collaboration and joint action by co-operatives of socialist, developing and capitalist countries strengthen the unity of the ranks and reinforce the effectiveness of the international co-operative movement, leading to important positive changes in its principles and objectives and the means for their achievement.

All this had its expression also in the policy and practical action of the International Co-operative Alliance. As is well known, on the initiative of Soviet co-operators, supported by the progressive co-operators of other countries, the ICA in 1948 in its Statute formulated as one of its basic aims the promotion of lasting peace and security. In the post war years, significant democratisation of the activities of the Alliance took place; it made a study of the principles of co-operative activity, and in particular, the principle of "political neutrality" was rejected along with inequitable categories of membership. The Alliance repeatedly came out in support of national efforts directed towards the strengthening of peace, condemned the arms race of atomic and other weapons, and called its member-



In the cafe "Forest Hut", Ukrainian national food is very popular (Ukrainian Republic)

A lesson on computer processing of information (Novosibirsk Co-operative Institute)



Foreign co-operators in the Centrosoyus pavilion at the USSR Exhibition of Economic Achievements in Moscow

organisations to the struggle with national and international capitalist monopolies and for the development of collaboration between co-operatives and trade unions and the extension of international co-operative trade. It condemned imperialist intervention in Vietnam, Israeli aggression, reactionary, territorial and fascist regimes, particularly in Chile, colonialism, racism and apartheid. The leading organs of the ICA supported the idea of the convocation of a conference on security and collaboration in Europe, and welcomed the opening of that same meeting in Helsinki and the resolutions passed. A representative of the Alliance took part in the World Congress of Peace-Loving Forces in 1973, in the World Forum of Peace-Loving Forces in 1977 in Moscow, and in the World Conference on Disarmament and Detente in Helsinki in September 1976.

Finally, an important step towards the further elevation of the role of the Alliance in the solution of current problems was taken in October of last year at the 26th ICA Congress in Paris, which unanimously passed a resolution on peace, in which the decrease of international tension, and the resolutions of the Helsinki conference were welcomed, in which support was expressed for the earliest possible convocation of a World Conference on Disarmament, for the conclusion of a World Treaty on the rejection of the use of force in international relations, in which fascism, racism and apartheid were condemned. The long-term work programme approved by Congress for 1977-1980 and also the resolution on

collaboration between co-operatives of different types and of differing social and economic systems provided for the activation of the ICA and its member-organisations in the struggle for peace, against capitalist monopolies and for democracy and social progress.

The development of the Alliance along these lines is a guarantee of the elevation of its role and authority in the international arena, of its value for the solution of the tasks and aims which the co-operative movement has set itself. As far as Soviet co-operators are concerned, they also will continue in the future to be true to the principles of proletarian internationalism, to collaborate closely with co-operators of all countries, helping to strengthen the unity of the ranks and to increase the effectiveness of the international co-operative movement.

Soviet co-operators, as all Soviet people, are proud of their great homeland, creation of the October Revolution, of the successes of its economic, social and cultural development, of the achievements of the whole world system of socialism; they unanimously approve and support the internal and external policy of the CPSU and of the Soviet state, devote all their efforts, knowledge and experience to the task of constructing communism. They greet the Glorious Jubilee with new successes in the implementation of the resolutions of the XXV Congress of the CPSU, in the fulfilling of the plans and objectives of the tenth five-year period, of their elevated socialist obligations in honour of the 60th anniversary of the Great October Socialist Revolution.

The Moscow Co-operative Institute — Training Co-operative Cadres of Developing Countries

by

Vladimir Maslennikov

Rector of the Moscow Co-operative Institute

Educational Background

The training of national cadres for co-operative societies of developing countries is a task of paramount importance, and is at the same time one of the important and necessary elements of the cultural revolution which will have to be carried out by each of the countries following the road of independent development and progress. Many aspects of the social and economic development of these countries depend to a significant extent upon the raising of the general educational level of the broad masses of workers.

The continuing mass illiteracy in developing countries inevitably exerts a strong restraining influence on their social and economic development. Many young states are making considerable efforts and have organised a wide network for the education and training of specialists for various branches of the national economy. In carrying out the task of training national cadres for the developing countries, the co-operative unions of many countries and, in particular, Centrosoyus of the USSR, play a part.

Sixty years ago, that is before the victory of the Great October Socialist Revolution in 1917, the huge majority of the population in Russia was illiterate. The general level of education was just as low as is the case in many of the developing countries at present. For that reason, our experience of organising the necessary general and specialised education in our country is of great interest to developing countries and, with regard to particular features, can certainly be used by them.

Soviet power set up a large network of schools of general education, introduced free compulsory education for all children; throughout the country tuition of children in their native language was organised; it gave access to higher education to all those who wished to study and, most important, to workers, peasants and young people.

In destroying the old state education system, Soviet power took from the earlier schools all that was needed to raise the general educational and cultural level of the workers.

The education system of the USSR is closely linked to the transformation of

our whole society and is now one of the generally recognised achievements of the Soviet Union. In the Soviet Union more than 92 million people participate in various forms of training, and of these around 49 million are studying in schools for general education, 6 million in higher educational establishments, 4.5 million in technical schools and other special institutions and 2.1 million people in colleges for professional and technical training. During the years of Soviet power around 35 million highly qualified specialists have been trained in higher and middle specialist educational institutions.

The organisation of co-operative education bears convincing witness to the enormous achievements of our country in the field of national education and the training of personnel. Before the Great October victory, the consumer co-operative movement did not have its own educational institutions and the training of specialists in the field of trade was done by private commercial educational institutions. Now our country's consumer co-operative movement has at its disposal 6 higher education institutions, 123 technical schools, 144 co-operative colleges, 10 schools for the training of inspectors and instructors with thousands of schools for the training of personnel in many professions. Within the system of co-operative education, training of personnel is carried out in almost 60 subjects, including economics, book-keeping, finance, science of commodities in various groups of goods, the technology of public catering, bread-baking, canning, trapping and fur farming, etc.

Every year the consumer co-operative movement takes in from its educational

institutions over 5,000 specialists with higher qualifications and around 50,000 specialists with intermediate qualifications.

Co-operative education is financed by the consumer co-operative movement. Students of higher educational institutions and of technical schools receive grants on the same scale as do students of state educational institutions providing training in the same areas of specialisation. Education is free. In addition, every student graduating from a co-operative educational institution is guaranteed work relating to the specialisation or professional qualification he has obtained.

Education for Development

The Soviet Union undertakes large-scale training of specialists for the developing countries. Soviet social organisations—the Union of Soviet Societies for Friendship and Cultural links with foreign countries, the Soviet committee for solidarity with countries of Asia and Africa, the Committee of youth organisations of the USSR, Centrosoyus and others—make a yearly allocation of scholarships for the education of foreign citizens from social organisations of overseas countries who are recommended by the state. At the present time more than 13,500 students from developing countries are studying in 300 higher education establishments and 48 technical schools in the USSR. More than 15,000 students have already completed courses at Soviet education institutions and have returned to their countries with diplomas in engineering, medicine, economics, and so on. In developing countries the Soviet Union

has assisted in the construction of 118 institutions for higher education, professional and technical centres and schools, has set up and equipped laboratories, trained teaching personnel and developed teaching grants, teaching plans and programmes.

Over 16,000 specialists have qualified in these higher and middle educational institutions established with the help of the USSR in the developing countries. In 85 professional and technical teaching centres built with the collaboration of our country, more than 136,000 qualified workers and experts have been trained. At the same time as this process of construction and operation of educational units, with the assistance of Soviet specialists, around 500,000 qualified workers have been trained. In USSR-designed workplaces, buildings and other establishments, several thousand specialists and workers from liberated countries have completed courses.

The Moscow Co-operative Institute

The training of specialists for developing countries under the auspices of Centrosoyus of the USSR is carried out by the Moscow Co-operative Institute. More than 11,000 thousand students pursue their studies in the MCI. The institute has branches in other towns—in Baku, Vilnius, Comel, Saratov, Stravropol, Tbilisi and Cheboksari. In these branches, students study with little disruption of their basic productive activity. Every year extra-mural students are given an additional month's paid leave, and the co-operative organisations themselves bear the costs of travel to the institute for the taking and passing of examinations.

Within the institute there are 19 faculties comprising around 300 teachers, more than half of whom have degrees and academic rank. The professors and teachers not only teach, but also carry out research: at the request of various boards of Centrosoyus, they take part in the working out of scientific problems, they systematically publish monographs in state publications and scientific articles in newspapers and also in collections of scientific articles issued by the institute. MCI's own publications number more than 650 volumes.

The Faculty of Overseas Co-operators was set up in the Institute in 1961. Its basic aim was to provide aid in the training of national co-operative cadres for the countries of Asia, Africa and Latin America, to provide for the youth of these countries, particularly those from deprived families, a greater opportunity to receive education in the Soviet Union and to acquaint themselves better with the way of life of the Soviet people. During the period of the Faculty's existence around 900 specialist co-operators have been trained for 45 countries of the Third World. The greatest number of experts have been trained for Ghana, Kenya, Colombia, Cuba, India, Nigeria, Syria, Tanzania, Sri Lanka and Ethiopia.

Every year Centrosoyus has allocated more than 100 scholarships for young co-operators from developing countries. In 1976 alone, over 500,000 roubles were spent in the training of co-operative cadres for developing countries. By resolution of the board of Centrosoyus, as from 1977 200 scholarships will be allocated each year for the training of co-operators from young states, which is twice as many as before.

At the present time 170 students from 24 overseas countries are studying at the Moscow Co-operative Institute, and over half of these come from the African continent. There are 11 envoys of African states at the institute. The greatest number of students represent African countries such as Benin, Ghana, Kenya, Somalia, Sierra Leone, Ethiopia and others. Teaching of academic subjects takes place in English, French and Spanish.

Overseas co-operators study mainly according to a one-year programme: first of all, because of the persistent requests of national co-operative unions for the introduction of courses of short duration, up to one year of study; secondly, because of the sharp increase in the number of requests from co-operators of developing countries to be allocated scholarships for the training of experts in the Moscow Co-operative Institute. In order to meet these requests, it became necessary to shorten the period of study in the courses running at the Institute (previously the practice was to have two-year courses for foreigners). A number of overseas students who have gained a good command of the Russian language in the course of the year and have the necessary level of education will, at the request of their national co-operative unions, enrol for a full four-year period of training in the faculties of economics or commodities.

On completion of the year's course at MCI, the young experts from developing countries obtain the qualification of co-operative organiser and a special diploma is given, on which are indicated the disciplines studied on the course and the marks received.

In order to help foreign students to study their subjects and Soviet life-style more closely, the faculty of overseas co-operators organises numerous excursions to various establishments, and arranges tours in the republics of Central Asia, the Caucasus, the Baltic area, and visits to many towns. During the winter holidays some of the students go on excursions to Poland or Czechoslovakia at the invitation of co-operators from those countries.

In consideration of the need of liberated countries for specialists in a broad range of skills, MCI aims to train specialists/experts capable of working in the most varied areas of co-operative activity. In connection with this, students from developing countries study the theory and history of co-operation, the experience of building socialism in our country, forms of co-operation in the USSR and overseas, basics of management of a co-operative economy, planning and organisation of trade, trading statistics, co-operative finance and book-keeping and acquire a basic knowledge of the commodities of industrial and productive trades.

In order to broaden the mental outlook of students from developing countries and to give them a deeper understanding of the social and economic phenomena present in society, the academic plans of the overseas co-operators' faculty provide for the study also of special socio-political disciplines.

The curricula of subjects are based on those taught in the main faculties of the institute. However, the special requirements of the developing countries have made necessary the introduction of new disciplines to train

experts for work in the countries of Asia, Africa and Latin America, and has called for the creation of specialist training facilities.

After returning to their native countries, many graduates of our Institute organise studies on various aspects of the work of co-operative organisations for the rank and file co-operators, while several become teachers in local schools and teaching centres. Because of this, basic teacher training has become an extremely useful and timely aspect of the overseas faculty. From 1977 we have begun to run a course for the students of overseas countries on the basics of education techniques. In this course, the following themes are dealt with: "Object and tasks of general and professional teaching", "Education and the development of the human personality", "The process of education and its principles", "Labour education in the collective", and others.

Practical training and teaching practice are accorded great importance in the training. Teaching practice takes place in light industry and the food industry, at trading bases, and spontaneously in public catering establishments, on kolkhozes and sovkhozes.

At the present time, the Institute is taking measures to improve the teaching process, to broaden the material and technical basis, to raise the efficiency of its training of highly qualified cadres for developing countries.

The Institute is undertaking scientific research into the history and theory of the co-operative movements of developing countries. This research makes possible a greater exploitation within the teaching process of the positive experience which we have in the work of the

national unions, and helps the study of problems with which co-operators of developing countries will be confronted. Scientific research undertaken by the teachers of the Institute is without doubt of great interest for co-operative unions of young states. However, the work of studying the history and theory of co-operation in countries of the Third World has only just begun in a limited way. Scholars of various countries, as a rule, carry out these scientific investigations in an unco-ordinated manner. Closer collaboration with national co-operative unions and their scientific and teaching centres must exist if the organisation of research in the sphere of co-operation of developing countries is to be significantly improved. We place great hopes in our pupils and our work with them on the urgent problems of co-operation and its role in the social and economic life of developing countries.

Within our higher education institute, representatives of the countries of Asia, Africa and Latin America are members with full rights of the 11,000 strong Student Collective of the Moscow Co-operative Institute. They study in the same auditoriums as Soviet students, live with them in the hostels, work together in the laboratories of the Institute, prepare for their studies in the reading room and enjoy all mass facilities. Our collective student body is a unified friendly international family. Soviet students represent 42 nationalities and peoples of our country. In the Institute representatives of the following socialist countries also study—Bulgaria, Vietnam, Poland, Mongolia and Czechoslovakia.

It has become traditional within the

student collective to organise revues of amateur talent, sporting competitions, social evenings and meetings to mark national holidays of those countries whose representatives study in the Institute.

The "Co-operator" club occupies an extremely important place in the organisation of international work among the student body. The managing committee of the club is composed of elected representatives of various countries. The chairman of the committee at the present time is a student from Sri Lanka.

Active members of the "Co-operator" club run evening activities dedicated to various countries and Soviet republics. On such evenings, the students of the faculty of overseas co-operators and the Soviet students talk about their countries, their co-operative movements, economies, culture, traditions, etc.

Overseas students greatly enjoy the classes of the "We speak Russian" club, and in meetings of the philosophical circle they participate in discussions on various problems. Representatives of overseas countries take part in meetings with workers, production collectives, and students of other higher education institutions. They are always very welcome guests of the pupils and students of schools and co-operative technical colleges. Meetings of foreign students with Soviet youth give the participants the opportunity to discover many new and interesting things about the different countries, to establish good and friendly contacts between overseas co-operators and the young boys and girls of our country. School pupils living in the vicinity of the Institute, with the help of the overseas

co-operators' faculty, have initiated correspondence with pupils of many countries of the world.

Foreign students produce wall newspapers and displays and compose albums about their countries.

There have been instances of the rules of social behaviour being violated by individual students, but we are convinced that the strongest influence on such people is the trial of their crimes by members of the student council consisting of representatives of various countries, and so by the students themselves. The student collective can both demand and help their comrade to correct his faults. In such a way, student society assists the rectorate in the task of upbringing of young people and the elimination of faults.

A very important task is the attraction of students into active participation in social activities outside the lecture hall, to develop the organisational abilities of these future specialists of the co-operative movement, and to give them experience and skill in working with people. These qualities, which are extremely important for specialists, will doubtless be demonstrated in the future when they are involved in practical activity within the co-operative organisations of the developing countries.

The faculty of overseas co-operators of the MCI often receives letters from its pupils from Ghana, India, Kenya, Colombia, Mexico, Syria, Somalia, Tanzania, and other countries. In these letters, the pupils talk about their work and life, the problems which confront them, their suggestions for improving the programmes and their desire to develop further contacts between co-

operators of the USSR and of developing countries.

Our former pupils from Syria inform us that the majority of them now occupy leading positions in co-operative societies, while several work in the department of the Ministry of Co-operative Supply; a former pupil of the institute is in charge of this department. Five of our former pupils work in the Co-operative Department of the Ministry of Supply of the Arab Republic of Egypt. Another student who received co-operative education in Moscow, is now manager of one of the co-operatives of Sierra Leone. Former pupils from Kenya, Ghana, Tanzania and many other countries are now working as teachers in co-operative or state teaching establishments.

Representatives of Centrosoyus travelling on working tours in developing countries often meet up with specialists of co-operative organisations who received their training in Moscow. Such meetings give the opportunity to view on the spot the work of the young experts and to find out about their successes and failures. It should be noted that our representatives on their foreign travels often receive profuse thanks from national co-operative unions for the work of the Moscow Co-operative Institute in organising the training of highly qualified cadres.

Numerous letters and statements from former pupils bear convincing witness to the great significance of the training of specialists for developing countries. Upon completion of his studies at MCI in 1975, a student from Sierra Leone said: "My impressions after my stay with you are radically different from those I had before my

trip to the USSR. I fell in love with your country. There is a great difference between being a student here and in the western countries. With you, social sciences are also studied. These sciences along with the other subjects broadened our outlook and gave us the opportunity of a deeper understanding of the social phenomena of the world." There are many such letters.

The training of national cadres for co-operative organisations of developing countries by Centrosoyus and other co-operative unions has no doubt a positive influence toward the strengthening of co-operative organisations in the countries liberated from colonial dependence. The positive influence of this help will also be demonstrated in the creation of the necessary pre-conditions for the organisation of a system of co-operative education in the countries of the Third World.

A start has been made on this important and necessary task. In several countries of Asia, Africa and Latin America, co-operative educational institutions have been set up where the principles of the operation of co-operatives are studied, and also methods of management, and progressive methods of agriculture, etc.

Practical experience demonstrates that the greatest successes in the field of education are achieved only if dictated by the interests of the workers. For this reason, systematic teaching of rank and file co-operative members, side by side with their leaders, accustoming them to involvement in social activities, will permit the promotion of the co-operative movement and will strengthen its role in the social and economic transformation of countries of the Third World.



Norwegian Agricultural Co-operatives

by
Ole Rømer Sandberg jun.

Landbrukets Sentralforbund (L.S.) is the apex organization of Norwegian agricultural co-operatives. It was founded in 1945, as part of the consolidation of the movement. However, an organizational system like this never ceases to develop—changing times and circumstances require a continuous adjustment of ways and means.

The establishment of Norwegian agricultural co-operatives took place in two fairly distinct stages—although they overlap in time to some extent.

First: primary co-operatives were founded, as a result of spontaneous local initiatives around the country, in the last half of the nineteenth century and well into the twentieth. First came the dairy co-operatives, then somewhat later general supply, meat marketing and other co-operatives. Although all of them were *primary societies*, some were *regional* in character because of their relatively large geographical area.

The general trend that led to the establishment of the first primary agricultural co-operatives was the economic development of the country that gained momentum from the middle

Left. Growing vegetables under plastic covers

of the last century. It was first and foremost a change from an agrarian to an industrialized economy, and from subsistence to more market oriented farming. Processes that earlier had been carried out on each individual farm could now be more economically handled by joint undertakings. It also meant that gradually new products and processes were introduced, and it was more efficient to take these up co-operatively rather than individually.

The alternative would in many cases have been to leave it to independent firms, outside the control of the farmers, to take charge of the new developments. The primary co-operative societies were therefore established, partly as a means of rationalization, partly as a means to seize control of the up-stream (supply) or down-stream (marketing, processing) chain of production.

Secondly: secondary co-operatives, national in character, were founded mainly in the 1930s. This development took place to a great extent as a result of the general depression and as a means to cope with the problems faced by Norwegian farmers during that period.

Towards the end of the 1920s, farm production increased, demand failed, agricultural markets collapsed and farm incomes were drastically reduced. Certain points became evident:

- A high degree of co-ordination between individual primary co-operatives was necessary. Competition between co-operatives was not acceptable under the circumstances.
- Not only did national co-operation between primary co-operatives become imperative. An apparatus with power and financial means to intervene in the market was also needed in order to balance regional, seasonal and cyclical variations in production (market regulation).

For grain, a state Grain Monopoly was established. For all other major farm products, a solution based on close collaboration between the government and the farmers' organizations was worked out, the main elements of which were:

- National co-operatives should be established for all major farm products (except grain).
- A Law was passed, authorizing the government to levy a fee on sales by the producer of all agricultural products (except grain), to secure a financial foundation for market regulation activities.
- The funds created by the "marketing fee" were made available to the national marketing co-operatives, who were authorised to carry out the actual market regulation activities, and still are.
- The "marketing fee" is levied on

all products, regardless of whether the farmer is a member of a co-operative or not. This is done because it is generally accepted that all farmers benefit from the effects of market regulation activities.

These were the main features of the co-operative developments of the early 1930s in Norway. Agricultural co-operatives were thus put in charge of activities that in other countries were taken care of by *marketing boards* or other governmental or semi-governmental bodies.

Market regulation for *timber and forestry products* is not subject to the same form of collaboration between the government and the national co-operative organizations as for most farm products. However, in Norway, forestry is typically a part of farming on many ordinary holdings. Co-operation is therefore also a means of marketing timber. The Norwegian Forest Owners' Association negotiates, on a national basis, annual contracts of prices and other terms of delivery, with the major buying groups (pulp, paper industry, saw-mills, and wall-board factories).

When Landbrukets Sentralforbund was founded in 1945 it was a natural step towards further consolidation of the agricultural co-operative movement. It is characteristic of our co-operatives that they are usually single-commodity or single-purpose organizations.

Within each commodity line, there is fairly strong vertical organization: local, regional and national. In any given area there is only one co-operative of its kind. With few exceptions, horizontal co-operation across traditional commodity borders is rather



Packing liquid milk for the retail market

weak. However, the creating of Landbrukets Sentralforbund ("The Central Federation of Agricultural Co-operatives") was clearly a realization of the need also for such co-operation.

Landbrukets Sentralforbund has today 17 member organizations—within co-operative marketing and processing, supplies, banking and credit, insurance, and animal breeding. The main object-

ives of Landbrukets Sentralforbund are:

- 1 Joint representation of the agricultural co-operatives with the government and the public in general.
- 2 Providing a wide variety of services to member organizations—in the field of statistics and economics, public relations, legal and organizational matters, taxation, transport, etc.

3 Promotion of co-operation and joint co-ordinated action between member organizations.

The main development over the last 30 years of the agricultural co-operatives has been *consolidation*:

- The number of primary organizations has decreased, the average size has increased.
- Technical equipment, marketing methods and manpower qualifications have changed with general trends.
- Co-operation within each product line (“branch”) has increased, more power—and responsibility—has been moved from primary (local and regional) to secondary (national) co-operatives.
- National co-operatives within the major fields—milk, meat, eggs, horticultural products, potatoes—have been given even greater res-

pensibility for market and price stabilization, as part of increased collaboration between the government and the farmers organizations (co-operative as well as general).

- Co-operation across product borders has also increased—through *Landbrukets Sentralforbund*; through other special organizations such as the joint computer centre, the auditing office, and the construction consultants firm; and finally through other informal arrangements.
- Many marketing and supply co-operatives have established advisory services to cater for the special needs of their members. There may be questions about feeding, quality, time of delivery, and other items related to prices, market requirements or costs of production.

Mention should also be made of the

Statistics of the Norwegian agricultural co-operative movement

Number of members	Approx. 100,000
Number of employees	Approx. 20,000

Volume of business (1975)

Marketing co-operatives	mill. kr.5,903
Supply co-operatives	mill. kr.2,205

Share of market by agricultural co-operatives

Milk	100% of wholesale volume
Meat	73% „ „ „
Eggs	90% „ „ „
Fur skins	98% „ „ „
Horticultural products	40-50% „ „ „
Table potatoes	45-50% „ „ „
Potatoes for industrial processing	80% „ „ „
Concentrated feeds	65% „ „ „
Fertilizers	63% „ „ „
Seeds	58% „ „ „

fact that close collaboration exists between the agricultural co-operative movement and the two general farm organizations. The latter are responsible for annual negotiations with the government about farm incomes (goals and means). The agricultural co-operatives play an active role, in preparing back-

ground material, in providing an evaluation of trends and tendencies, and in implementing necessary measures—as mentioned before. *Landbrukets Sentralforbund* and one of the general farm organizations — *Norges Bondelag* — jointly publish a farmers' journal with a weekly circulation of 110,000.

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Education for Democracy

Training of the Board Members of Co-operative Societies—Role and Importance

by

Erkki T. Tapola

Training Manager, Co-operative E-Institute, Finland

Introduction

One of the major problems of the Co-operative Movement in the advanced capitalistic economic system of today is how to preserve its democratic nature. When viewing the Co-operative Movement as a social mass movement, the most essential characteristic we see in it is its democratic administration. It is a movement through which the economic activities of society are brought under the control of the broad masses for the common good.

As one branch of the Co-operative Movement, the Consumers' Co-operative has had to harmonize its activities, methods of business management and planning with those of its competitors in trade. Decision-making has become faster. It has been accelerated through rapid changes in the market situation and marketing methods as well as the feverish daily rhythm, in which members' expectations have not always been taken into account. Also long-range plans have made decision-making more complicated and more exacting than ever before.

In this situation democratic decision-making in the Consumers' Co-operative Movements has been put to the test. Those who prepare and carry out the decisions, i.e. the hired officials in the co-operatives, have ever greater power and opportunity of involvement as compared with the decision-makers, i.e. the elected officers, who represent the members in their capacity as owners. Management is a problem for co-operative organizations as well as for private companies. The problems of technocratic power have certainly been under discussion for a very long time, but there has been no systematic exchange of opinion concerning the dilution and even abolition of this power. Still fewer attempts have been made to find solutions to reduce and perhaps eliminate the obstacles standing in the way of membership power in the co-operatives.

Decision-making and the Members

Reference has been made above to the reasons why the elected officers' opportunities for getting involved in the

decision-making of co-operative societies have been narrowed. The increasing complexity of the data required as a basis for decision-making, acceleration of decision-making and deepening of the educational gap between the management and the elected officers, have resulted in the members' representatives, who have been elected to the administrative bodies, being no longer capable in all situations of assessing their co-operative's activity and its impact on the well-being of the members. Decisions are made by a hired management, and the members of administrative bodies are only formal confirmers of the decisions made. The members feel that this is an urgent problem. It causes estrangement from the society, lack of interest and dissatisfaction. It will gradually lead to a co-operative being transformed from a democratic business enterprise into an oligarchic and undemocratic company. The true democratic nature of Co-operation will alter radically.

Training as a Solution

Training of the elected officers can be seen as a way to stop the evolution described above. This means that the representatives of the members, who have been elected to the administrative bodies, will be provided with sufficient qualifications in terms of knowledge, skills and attitudes to be able to fulfil their duties for the benefit of the members and the co-operative society.

The general importance of training is emphasized by the fact that it promotes the survival of co-operative democracy in the decision-making carried out in co-operatives. The plan-

ning of training, therefore, should be based on the needs of democracy. Training of the administrative body members is not the only way to safeguard and deepen democracy. There are, of course, organisational means, too, but this article concentrates on the training of the members of administrative organs and introduces the training programme applied in the E-Co-operative Movement in Finland as an example of how to solve this problem.

The E-Co-operative Movement

Finnish Consumers' Co-operation was founded in 1900. Today there are two vigorous co-operative organizations in Finland.

The E-Co-operative Movement, 'progressive' as it is called, consists of 62 societies with 650,000 individual members and two central organizations, the Co-operative Union KK, which is the *ideological* central organization, and the Central Co-operative Society OTK, which is the *economic* central organization of the Movement. The total turnover of the member societies in 1976 was US \$1,346 million. The member societies have 2,060 shops, 70 department stores and 430 restaurants in total. The Central Co-operative Society OTK is the biggest foodstuff manufacturer in Finland. The gross value of its production in 1976 was \$258 million.

The administration of the affiliated societies is organized on a co-operative basis. As the average number of members is relatively great, all the societies have adopted representative democracy which has replaced the members' meeting. The supreme



In the Co-operative E-Movement each elected officer should take part in a course or seminar at least once during his period of office. The group of Board members is practising decision-making at the Co-operative E-Institute

authority in each local co-operative society belongs to the Council of Representatives elected at co-operative elections. The Council of Representatives elects the members of the Board of Administration, who in turn elect members to the Board of Management whose duty is to administer the affairs of the co-operative. The Board of Management is presided over by the hired managing director of the co-operative, the other members being laymen. In all, there are some 2,800 elected officers of the members in the administrative organs of local societies.

The greatest number of elected officers is in the Council of Representatives, about 2,000 people; in Boards

of Administration there are 820 and in Boards of Management 250 elected officers.

True to its nature, the E-Co-operative Movement has always paid attention to the development of democracy at society level. As early as the 1920s the first correspondence course was completed, intended for those acting as trusted representatives of the co-operatives. When the training centre of the E-Movement started its activities in Helsinki in 1954, courses were initiated for the members of administrative organs. The training centre of the E-Movement, the Co-operative E-Institute, is now carrying out a new and systematic training scheme which has

been planned with the needs of administrative organ members in mind and will cover all elected officers.

Training for Democracy

The overall goals of the training are a theoretical command of issues related to the decision-making and administration of a co-operative society, the qualifications for rational decision-making and critical thinking. The detailed goals of the training activities are derived from the tasks defined in the co-operative law, bylaws and, for example, the programme of principles of the E-Movement.

The training of the administrative body members represents a form of social adult education. Those who participate in it can, through studies, gain knowledge, skills, and attitudes which promote their possibilities of taking part in the administrative tasks and decision-making in a co-operative society.

That each elected officer should take part in a course or a seminar at least once during his period of office is the main principle as regards participation in training. Thus, he will acquire the fundamental knowledge required in decision-making and administration.

Every lay member of the Board of Directors, every lay auditor and every chairman of the Board of Administration assigned to specific duties by the rules, is invited once a year to take part in a 2 days' seminar. The training is completely free of charge for the participant. The state also supports co-operative training, under the law on 'State Aid to Educational Institutions'. This law returns to the societies 80 per cent of the cost of payments to lecturers

and their travelling costs, and also the travelling costs of the training participants, the rents of lecture rooms and the cost of training material. The balance is paid by local societies.

With the aid of centralized data records the training centre keeps in touch with the participant between seminars. If new persons are elected, they are invited to participate in the training. Co-operative societies must inform the training centre about changes when elections take place.

Training by correspondence, which does not always mean only taking a correspondence course but also, for example, reading according to given instructions, is linked to all education and training. Moreover, all forms of modern educational technology, e.g. a closed circuit television network, serve the training. Teaching methods are based on the use of small groups in each pedagogic situation. For this reason, training in group dynamics plays a significant part in the programme of each seminar.

Special attention is focused on the subjects and content of the instruction. At the planning stage the opinions of the target group members serve as a help in finding appropriate lines. Issues pertaining to the co-operative societies' administration and bye-laws connected with their profitability and budgeting, and questions concerning auditing and balance sheet analysis, are major themes at the seminars. Every theme at each seminar is examined from the viewpoint of each particular target group. An important issue is also the development of the content. In Finland there is an obvious lack of study materials adapted to this kind of educational

activity. The Co-operative E-Institute has had to make great efforts in order to develop study material with a suitable content for adult education. Furthermore, it has to be taken into account that a great number of administrative body members are not used to systematic studies, at least at the beginning.

Many difficulties can also be met with in implementing the training scheme. A basic requisite is the support and encouragement of the management, which creates an atmosphere favourably disposed towards training and education. Another important point is to motivate the administrative organ members to participate in the training. The training is voluntary and members of the administrative organs are responsible to the membership for the proper administration of the affairs of the society. A third factor is the dissemination of sufficient information about the training facilities among people to be trained. In this respect, the

co-operative press, brochures on the course programmes and personal letters can render great help. A fourth point is, of course, the removal of the obstacles caused by the fact that the person to be trained is not in a position to participate in the training due to his normal job. A solution could be the remuneration of lost earnings during the training period.

Summary

The above is an outline of the principles pursued by the E-Movement in its training of administrative body members, initiated during 1974. The experiences obtained so far have proved encouraging, and strengthen the belief that training is a powerful factor in maintaining and deepening co-operative democracy in our Movement. Continuous development and the linking of feedback from training to planning keep this important training sector up-to-date.

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A handbook of Co-operative Law in Argentina.

CO-OPERATIVE EDUCATION MATERIALS ADVISORY SERVICE: Co-operative Book-keeping

London (UK), CEMAS, ICA. 1977. Tabs, diags.

A series of four manuals—1. Marketing Co-operatives (52 pp); 2. Consumer Co-operatives (40 pp); 3. Savings and Credit Co-operatives (28 pp); 4. Industrial Co-operatives (40 pp)—designed so as to serve both training and operating purposes. They may be used as handbooks for teachers, textbooks for students, and as working manuals for secretaries and book-keepers. This series is an updating of manuals published in 1970 by the UK Ministry of Overseas Development. (Reviewed in this issue).

DELGADO, Carlos, et al.: Cooperativismo y Participación

Lima (Peru), Ediciones del Centro. 1976. 168 pp; tabs; diags.

A collection of papers on co-operatives and structural changes, financing, their role in land reform and development, given at a seminar held in Peru.

DESCHENES, Gaston: Ensemble! Revue de la Coopération (1940-1951)

Université de Sherbrooke (Canada). 1977. 102 pp; tabs; bibliogr; diags.

Historical study of the role played by the periodical *Ensemble* in directing the philosophy of the Quebec co-operative movement during a most important phase of its development.

DESHPANDE, S. H.: Some Problems of Co-operative Farming

Bombay (India), Himalaya Publishing House, 1977. 196 pp; tabs; bibliogr.

"Co-operative farming seems to fail with striking regularity." This book analyses the causes, and finds there is a lack of incentives and proper management.

KORP, Andreas: Der Konsumverein Teesdorf

Vienna (Austria). Konsumverband, Zentralverband der österreichischen Konsumgenossenschaften, 1977. 55 pp; illus; bibliogr.

An account of the first Austrian consumers' association, started in 1857. (Reviewed in this issue.)

NATIONAL CO-OPERATIVE CONSUMERS' FEDERATION LTD.: Manual on Management, Accounting, Budgeting and Management Information, for Consumer Co-operatives

New Delhi (India). The Consultancy and Promotional Cell, National Co-operative Consumers' Federation Ltd. 1977. 263 pp; tabs.

This manual incorporates experience gained in management accounting and information pilot projects in India. Much detailed advice, including standard forms and explanations of routine operations.

NATIONAL CO-OPERATIVE UNION OF INDIA: Income Tax Problems of Co-operative Societies (with special reference to State Co-operative Unions and Consumer Co-operative Stores)

New Delhi (India). National Co-operative Union of India, 1977. 126 pp; tabs.

This study summarises Indian income tax law, and includes examples of interpretation and practice from different states and types of co-operatives.

PHALEN, Terry: Co-operative Leadership—Harry L. Fowler

Saskatoon (Canada). Co-operative College of Canada, Saskatoon, Saskatchewan, 1977. 279 pp; illus; diags.

Part memoirs and part historical analysis of the growth of co-operation in Western Canada, as mirrored through Harry Fowler.

YOUNGJOHNS, B. A.: Co-operative Organisation—an Introduction

London (UK). Intermediate Technology Publications Ltd., 1977. 34 pp.

This booklet is about how co-operatives are formed, how they work, the legal implications, and their role in development. It sets out the principles and explains the various forms of co-operation.

Book Reviews

Co-operative Book-keeping (4 volumes).

Case Study Workshop—Teaching Pack.

A Co-operator's Dictionary.
CEMAS, ICA, London (1977).

Like many people, I suspect, working in the Co-operative field, I never seem to have enough time to read, let alone, study all the books, pamphlets, articles and other written material which comes my way. I have, I must confess, a pile of educational material in my office sent to me from different parts of the world, which I have hardly looked at. Much of it I am sure is excellent, and I periodically resolve that when I have the time I will go through it carefully, no doubt to learn much that I really ought to know, and to pick up ideas which I can pass on to others. But I never seem to have the time.

These thoughts have been occasioned by the appearance of a new batch of publications from CEMAS/ICA. I must admit to a little bias in that I knew they were coming and knew something of the background to their production, but I really would like to persuade readers to pay them more than casual attention, because they do represent something different. Not that the information they contain is claimed to be especially original, but that they are presented in an original and striking manner. They look interesting even before the covers are opened.

The four manuals on *Co-operative Book-keeping* are principally intended for the developing countries, but may also be of interest generally. They are quite unlike any other book-keeping manuals I have ever seen, most of which I have found useful mainly as a cure for insomnia. These manuals are attractively bound in red covers and are wider than they are long. The examples are fully set out like pages of real ledgers, instead of

the miniature diagrams which many students find puzzling. The narrative is clear and to the point. Technical terms are explained as they are introduced.

There are four manuals covering Marketing, Consumers, Savings and Credit, and Industrial Co-operatives respectively. Each one is self-contained and can be used separately, or they can be taken together to give comprehensive coverage of the main types of co-operative. As the Foreword claims, the manuals can be used to serve both training and operational purposes. They can be used as *handbooks* for traders, *textbooks* for students, or as *working manuals* for secretaries and book-keepers. With permission from the publishers, they may be reproduced, translated or adapted.

A word of caution is called for. These manuals are not merely descriptive, they are also advocative of a particular system. They could hardly be otherwise. The system used is one which was successfully developed in Botswana and is not dissimilar from that used in some other countries. The basis of the system is in the "Working Ledger" which combines the functions of Cash Book, Journal and Ledger. The double entry main accounts are set out in columnar form across a single opened page. Both Debit and Credit can be seen at a glance. The system is efficient and effective for most primary societies. It answers the much-felt need in many countries for a simple but effective standardised system, and for that purpose I commend it strongly. However, if there is already a different system which works well, it would be pointless to change. The manuals may still, however, be valuable, with adaptation, for teaching purposes. The system is not suitable for large societies or Unions.

The *Teaching Pack for a Case Study Workshop* fulfils a different but equally

important need. Prepared for CEMAS by the Cranfield School of Management, it is not just a book, but a package containing a Workshop Manual, specimen handouts to students and a tape recording of two specimen exercises, all attractively presented in a large blue folder. It provides the material for a two-week workshop to teach management through the case-study method. The material is a basis which needs to be adapted to local needs. A complete guide for the Workshop leader is incorporated in the text, together with timetables and the papers to be handed out to the students. The whole thing is a mine of information, presented in a manner which positively provokes interest. It is a most valuable tool for co-operative education, especially so because it sets out, step by step, the methodology of this most useful method of teaching.

A Co-operator's Dictionary compiled by the ICA Librarian, was inspired by a Dictionary produced by the Co-operative College of Kenya. A number of co-operative workers have contributed comments and suggestions. The result is a little gem—the kind of thing we should have had years ago. Most of us

get used to trotting out jargon without realising that the person we are addressing is not familiar with it and sometimes, I fear, without properly understanding it ourselves. This dictionary covers all the familiar co-operative terms such as "Primary—adj. first, basic, original. A primary society is a co-operative consisting of individual members," and terms in more general use but commonly used in co-operative affairs. Each definition is concise and to the point I have tried to fault it for inaccuracies and omissions but without much success. I wonder whether some of the international initials—FAO, UNIDO, EEC, EDF and the rest ought to be included. I have no doubt other people will think of others and I would expect an addendum before very long! Meanwhile, the Dictionary ought to belong to every student, to say nothing of the managers and teachers, to make sure they understand the words they are using.

This batch of publications, in short, is not for adding to the unread pile. It is stimulating and relevant and deserves wide success.

B. J. YOUNGJOHNS

Der Konsumverein Teesdorf (The Teesdorf Consumers' Association) by Andreas Korp. A contribution to the early history of Co-operation in Austria, with integral text of the Association's rules, notes, source-references and select book-list. *Konsumverband*, 1060 Vienna, *Theobaldgasse 19*. May 1977. 55 pp.

The author, Andreas Korp, is well known throughout the International Co-operative Movement for his farsighted and sagacious leadership of the Austrian Consumers' Co-operative Movement for over forty years. In his retirement he has written a fascinating and admirably documented study of the first consumers' association to be formed in Austria, which is now available in the form of a brochure.

Between its covers Andreas Korp presents readers of the German language with virtually all that is known or now, after 120 years, likely to become known, about the earliest successful experiment in Consumers' Co-operation in his country. This enterprise was a precursor rather than a pioneer. It preceded by almost a generation, but did not inspire or even foreshadow, the launching of the real Consumers' Co-operative Movement. It was simply a concerted effort by a group of workers in the same textile factory to form, to use their own terms, "an association for mutual support" as "a bulwark against pauperism and proletariat". Its nearest parallel may well be with that famous Scottish society of Fenwicks in Ayrshire (although its

members were not weavers but spinners), or perhaps the *caisse de pain* of Guetwiller, near Mulhouse in Alsace.

One of the most interesting aspects of the study of early co-operative ventures in any country is tracing the distinction between those features which originated within the country and those which resulted from knowledge acquired about Co-operative ideas and practice abroad. The adoption in country after country of the "Rochdale system" in preference to indigenous forms of consumers' co-operation is the most conspicuous example of the latter process. In Andreas Korp's detailed account of the formation of the Teesdorf Association it is possible to identify certain features suggesting foreign influence, but not that of Rochdale. In the middle 1850s, the success of the Rochdale system was only just becoming known on the European mainland, through the advocacy of such travelling students as Victor Aimé Huber, but the news may not have reached Vienna, let alone a somewhat isolated village in the Wienerwald, by 1856.

On the other hand, there are points in the Constitution and business methods adopted at Teesdorf which closely resemble the Co-operative system expounded by Dr William King between 1828 and 1830. It seems more than likely that the factory schoolteacher who drafted the Association's rules and application for registration gained valuable information from the Viennese social reformer and journalist, Ernst v. Schwarzer, an energetic advocate of self-help in association and of Consumers' Co-operation. It certainly seems more than mere coincidence that the phrase

"Pauperism and Proletariat", which appears in the Association's application, is also found in Huber's "Reisebriefe" in which he described his Co-operative study-journeys in Belgium, France and England in 1854. There are also points of similarity with the earliest German consumers' co-operative, the *Ermunterung* of Chemnitz, formed in 1845. After more than a century, the evidence is lacking to say with certainty by what channels information and influence were transmitted from country to country in this particular case.

The author pursues the evolution of the Teesdorf Association through the economic and political vicissitudes of the last and the present century to its final and brutal dissolution under the Hitlerite regime in 1943. With the passage of time and changing circumstances the Association abandoned step by step its original purchasing and distributive methods and curious but misleading description, for the normal retailing practice and title of a consumers' co-operative. It long retained its character of a "works store", however, remaining on the fringe of the Consumers' Co-operative Movement and not affiliating to the Central Union until 1921. After the Second World War, Teesdorf village was merged in a larger local government district and served by the newly-constituted Wienerwald consumers' co-operative. This is now a constituent of the regional society for Southern Lower Austria, one of whose modern supermarkets discharges the functions of the *Association for Mutual Support of the Spinning-mill Workers*.

W. P. WATKINS

International Agencies: The Emerging Framework of Interdependence. by Evan Luard. *Macmillan, London 1977.* £14.00. 337 pp. *Tables, Index.*

If the mid-19th century was called the age of nationalism it often seems that the mid-20th century has witnessed an age of super-nationalism with the growth of the nation state as the basic political

entity in every continent. The influence of international agencies appears slight and as Mr Luard rightly says, the outside world ". . . remains generally ignorant, not only of the detailed difficulties of these organisations but often even of the main outlines of their structure and activities". Too often the UN is seen only in its overtly political role, where it

is arguably least successful, and the remainder of its complicated structure is obscured by a plethora of initials; ILO, FAO, WHO, IAEA, UNDP, CDF, etc.

The author sets out to describe the history, structure and activities of the UN and the majority of its Specialised Agencies, to analyse their effectiveness, efficiency and democracy and to ask whether there is anything which might be called world government or whether there will be in the future. Consequently, this book will be of value to a wide audience. A general readership will appreciate the various chapters on topics such as postal services, sea transport, energy, health, trade, money and development which provide understandable information on the structure and organisation of the UN family. Compared to national governments the UN system is still tiny: for example, in 1974/5 the UK spent only 0.05 per cent of her national income on the UN system and most developed countries make similar contributions. Interestingly, contributions are regressive and developing countries spend proportionally more.

Mr Luard concludes that a fundamental problem of the UN system is that central direction is lacking both between and within agencies. At the same time he finds that the policy-making bodies

are too large and out of touch with the day to day work of the agencies to be effective, and that much more decentralisation is required, particularly to the Regional Commissions. The very openness of democratic debate in Conferences can lead to political posturing and operational ineffectiveness.

It is not often realised how quickly the UN system has grown and the fact that it is still growing emphasises how governments feel it is needed—not only for the nuts and bolts of running postal services and the like but for settling disputes over the use of the sea-bed and for redistributing wealth between nations, the most crucial task facing the international community.

The book has, however, one serious omission. The important role of international non-governmental organisations is ignored. These INGOs form an essential part of the world community and in many instances it is their activities which have created a climate in which the UN can act or which have prodded the UN into action. For example, it is the INGOs which have set the pace in the field of human rights while the UN Commission on Human Rights is rendered ineffective by political stalemate.

G. J. ALDER

Agriculture: Capitalist and Socialist by Jack Dunman. *Lawrence and Wishart, London.* £5.00.

Mr Dunman, who died in 1972, was for many years the agricultural expert of the Communist Party of Great Britain and the editor of its rural journal *Country Standard*. He had a lifelong interest in agriculture—and in agricultural co-operatives and co-operative farming. This book is a survey of agricultural development in seven countries: Britain, the USA, the Soviet Union, the German Democratic Republic, Poland, Hungary and Yugoslavia. Mr Dunman assesses the impact of the slave trade and colonial-

ism on agriculture in Britain and the effect of the great depression on agriculture in the USA; but he is mainly concerned with the different ways in which co-operative ideas were applied to agriculture in Eastern Europe.

He notes the hardships following the compulsory collectivisation of agriculture in the Soviet Union in the early thirties: and also the need of the Soviet Union at that time to accumulate capital for industrialisation and defence. Circumstances were different in the post war years and he notes that in Poland and Yugoslavia in particular small scale family farms prevailed, supported by

strong co-operative organisations. Mr Dunman insists that the very large scale collective farming characteristic of the Soviet Union is not an essential condition of agricultural development in a socialist economy and that there is room for large collective or co-operative farms, state farms and small family farms. He suggests that there may sometimes be good environmental

reasons for smaller farms and that they may sometimes achieve higher yields per acre. He argues that in Britain the domination of landowners over agriculture has been succeeded by the domination of the multinationals and insists throughout his book on the crucial importance of strong co-operatives to a prosperous agriculture.

PAUL DERRICK

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Professor Paul Lambert

The death of Professor Paul Lambert on the 17th September 1977 deprived the International Co-operative Movement of one of its most memorable figures of the mid-twentieth century. This was the period when the International Co-operative Alliance had to meet the impact of the great revolution in distributive trade, to prepare itself to play its proper role in the development of Co-operation in the Third World and to undertake the clarification and re-formulation of Co-operative Principles necessary to preserve the unity of Co-operation as a world movement. Paul Lambert was first elected to the ICA Central Committee in 1962 and to the Executive in 1966. In the process of hammering out the strategy and policies of the international organisation, in which its governing and auxiliary bodies were engaged, he played a leading and constructive role.

Lambert emerged as a national leader in the 1950s when he was elected to the Board of the Belgian Federation of Socialist Consumers' Co-operatives. At that time his qualities attracted the attention of Marcel Brot, President of the ICA from 1953 to 1960. Later Lambert became President of Fédécoop.

Nevertheless, it was as a theoretician that Lambert first became widely known in the International Movement. His book, *La Doctrine Coopérative*, published in 1959 in French and in the course of the next four years in a handful of other languages, was the most notable work of Co-operative philosophy to appear since Dr. Georges Fauquet's *Le Secteur Coopératif*. This work (the English title is "Studies in the Social Philosophy of Co-operation") gathers together in a single volume the product of Lambert's teaching and writing, his thought and practical experience, over a number of years. Thoroughly scientific in that he mastered what he rejected no less than what he accepted, he was not content with abstract scholarly reasoning, but continually descended to the level of everyday Co-operative business activity, illustrating principles by reference to practical details and difficulties. Without being mainly historical in content, the work is pervaded by a sense of history, for Lambert recognised that the Co-operative Movement's past and present are inseparable. Its concept of Co-operation embraces every kind of society included in the ICA, as well as the co-operatives of local governmental authorities first comprehensively studied by the late Professor Bernard Lavergne. Nor, of course, does it treat Co-operation in a vacuum, but relates it to the economic and social environment, to public as well as private enterprise, and especially to the kindred social movements and doctrines which emerged alongside Co-operation as the world swung away from ideas of *laissez faire* and individualistic competition towards socialism and state regulation and direction of economic development and social progress.

With the discussion of the principles which should determine the character and practices of the Co-operative Movement and with the argumentation for and against state and municipal enterprise which constitute the public sector of the economy, Paul Lambert was equally at home. To the ICA Commission on Co-operative Principles he submitted a memorandum besides giving oral evidence. In keeping with his general outlook he believed, as did many others, that the real task of the Commission was to reaffirm and confirm the Rochdale Principles in a clearer and more precise formulation. He was therefore concerned at the Congress

of Vienna (1966), which accepted the Commission's report, to make sure that continuity with the Rochdale system was explicitly acknowledged, both in the text of the report and in the amendments to ICA rules based upon it.

Like that earlier great Belgian Co-operative teacher, Louis de Brouckère, Paul Lambert could conceive of no genuine socialist system which did not include a co-operative as well as a public sector. In the contest to dethrone capitalism the two must stand or fall together. It was therefore hardly possible to find a more suitable successor than Lambert, as director of the Centre of Information and Research on Public and Co-operative Economy (CIRIEC), when its president and founder, Professor Edgard Milhaud, laid down his office. Under Lambert's direction CIRIEC has extended its membership in the last twenty years from the countries of Central and Western Europe to Asia and the Americas, while keeping its research and its scientific review, the *Annals of Public and Co-operative Economy*, ahead of the times. The confidence of the membership in his leadership was expressed by electing him, like Milhaud, President as well as Director. As CIRIEC in its next congress faces the financial and organisational difficulties caused by years of currency inflation, Lambert's wisdom, courage and optimism at the helm will be sorely missed.

It should not be forgotten that all Paul Lambert's work of speaking, writing, travelling, organising, researching on behalf of Co-operation and Socialism, was carried on for twenty years in the intervals allowed him in the busy life of a university professor who was head of his department, and whose duties included teaching, examining, superintending a team of research assistants, advising government on current economic problems and much more besides. Lambert's early brilliance as an undergraduate had led to travelling scholarships and a research studentship at the London School of Economics in 1938-39, and earned him, after five years of wartime captivity, a lectureship and ultimately a professorial chair in his home University of Liège. Among his notable scientific writings must be mentioned his studies of the work and teaching of John Maynard Keynes, which among other things brought out some little-suspected affinities between the ideas of the twentieth century economist and those of Malthus and other classical economists of the nineteenth.

None but a powerful personality could have carried such a burden of work. Paul Lambert was indeed powerful—in physique, in intellect and in his emotions. The present writer well remembers the French Co-operative Congress where he made Paul Lambert's acquaintance, and the depth of feeling revealed in his greetings on behalf of the Belgian Movement, with nothing of the cool detachment usually associated with the academic mind. That acquaintance, as it ripened, revealed Lambert to be a warm-hearted, generous, faithful friend, removed all too soon by the deadly malady against which he fought, concealing his suffering from all his intimates, until the very end. It was not until the members of the Council of CIRIEC, due to meet in Brussels on the 24th September, received notice that he could not be present, that some of them realised how gravely ill he was, for nothing but the imminence of death could have kept that undaunted fighter away from the battlefield.

W. P. WATKINS

The International Co-operative Alliance

11 Upper Grosvenor Street, London W1X 9PA, U.K.

Tel: (01) 499 5991

Director: Dr S. K. Saxena

**Regional Office and Education
Centre for South-East Asia
Bonow House
PO Box 3312, 43 Friends Colony,
New Delhi 110-014, India
Tel: 631541 632093
Regional Director:
Mr R. B. Rajaguru**

**Regional Office for
East and Central Africa
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Moshi,
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Instituto Movilizador de Fondos Cooperativos, Urquiza 1394, Rosario. Tel. 44223.

AUSTRALIA

Co-operative Federation of Australia, P.O. Box 347 Canberra City A.C.T. 2601 Tel. 062-48 7816.

AUSTRIA

Zentralkonsum Österreich GmbH Theobaldgasse 19, A-1061 Vienna VI. Tel. 57-75-38.

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CANADA

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Det Kooperative Faellesforbund i Danmark, Reventlowsgade 14, 2-1651 Copenhagen V. Tel. 12-22-62.

Faellesforeningen for Danmarks Brugsforeninger (FDB), Róskildevej 65, 2620 Albertslund. Tel. 64-88-11.

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Yleinen Osuuskauppojen Liitto r.y. (Y.O.L.) (General Co-operative Union), Vilhonkatu 7, 00101 Helsinki 10.

Kulutusuosuuskuntien Keskusliitto (K.K.), r.y., P.O. Box 740, 00101 Helsinki 10. Tel. 170491.

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Pohja Yhtymä, Runeberginkatu 5, 00101 Helsinki 10.

FRANCE

Fédération Nationale des Coopératives de Consommateurs, F.N.C.C., La Maison de la Coopération, 27-33 Quai le Gallo, 92100 Boulogne Billancourt. Tel. 604.91.78.

Société Générale des Coopératives de Consommation, La Maison de la Coopération, 27-33 Quai le Gallo, 92100 Boulogne Billancourt. Tel. 604.91.78.

Confédération Générale des Sociétés Coopératives Ouvrières de Production, 37 Rue Jean-Leclair, 75017 Paris. Tel. 627.89.58.

Banque Française de Crédit Coopératif, 88 rue de Courcelles, 75008 Paris. Tel. 227-48-03.

Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, 129 Bd. St. Germain, 75006 Paris. Tel. 033-93-31.

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GAMBIA (The)

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GERMAN DEMOCRATIC REPUBLIC

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Bund deutscher Konsumgenossenschaften G.m.b.H. Adenauerallee 21, 2000 Hamburg. Tel. 249006.

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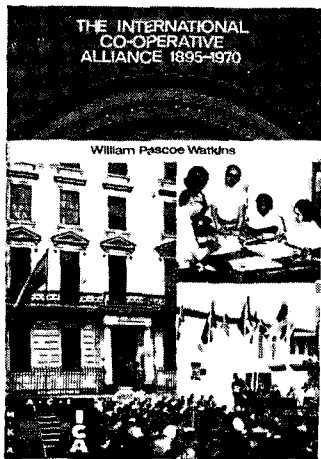
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