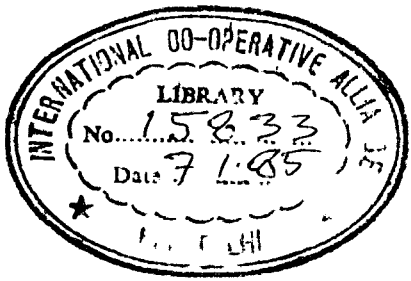

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# VOL. 76 1983


International Co-operative Alliance

# Review of International Co-operation



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# The International Co-operative Alliance

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

It comprises organizations in every continent, and its total affiliated membership through national organizations exceeds 360 million from consumers, agricultural, housing, credit, workers' productive, artisanal, fishery and other co-operative societies.

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

It promotes, through auxiliary trading, housing, banking and insurance organizations, 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 to co-operation.

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

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

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

Vol 76 No 1 1983

The official organ of the International Co-operative Alliance

*Editor:* J-F. Kister

## Contents

The Editor is always pleased to consider manuscripts from old and new contributors. Material should be of international cooperative interest, either on a general theme, or describing developments within a national movement which may be useful to other movements in a similar situation.

# The President's Message for 1983

SELDOM has a year begun so badly.

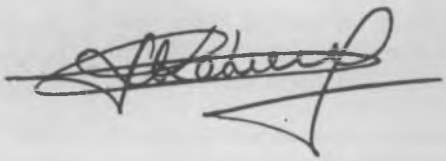
It is true that our world has undergone profound changes, and there is no assurance of a future for any of our human communities. But co-operators have for many years past taken the thought necessary to face up to the problems with which they are confronted, and they have expressed the determination to exert all their influence on those decisions which involve the future of our planet.

In this way they hope to provide Governments, which today bear a very heavy load of responsibility, with the support they need.

It would almost seem possible today to say that the life of mankind depends largely on the quality of the relations being established between Governments and Non-Governmental organisations. This is particularly true at international level and is well understood by the Authorities of the United Nations which have on many occasions emphasised the contribution which the NGOs, and Co-operatives in particular, can make to giving a new dimension to development aid policies, in an attempt to resolve the most frightening problem of our time.

In urging all Co-operatives throughout the world to increase their efficiency and to strengthen inter-co-operative relations within the framework of their international Alliance, I believe we shall contribute to better understanding among the individuals and peoples of our world . . . That they may finally live in peace.

I wish you all a good year.



ROGER KERINEC
*President, ICA*

# Co-operatives in the Year 2000

Extracts from the Debate at the ICA Central Committee Meeting in Rome – October 1982

## I. **Lars Marcus*** (Sweden), Member of the ICA Executive Committee:

### INTRODUCTION

A pragmatic approach to things sometimes leads us to misinterpret a situation: we underestimate the importance of the vision, the dreams and the ideology. On the other hand, we sometimes say about those who need a personal aim in order to carry on with their day-to-day tasks: that person is an ideologist – and probably mean that he or she has as little relevance to business as the weathercock on the top of the church has to religion . . .

Alex Laidlaw considered both viewpoints, and then told us we should combine the ideas we all hold with the realities of today and the qualified guesses of tomorrow. He gave us a vision of Co-operatives in the year 2000. It was a great contribution . . .

Sven-Ake Böök, my friend and the Director of the Swedish Co-operative Institute, has been given another task. He has been asked to describe developments that are taking place and to draw conclusions from his findings.

If you had seen the correspondence in connection with his report, you would understand that simplification and interpretation do not provide complete answers. You would have found that the questions asked did not have the same meaning everywhere.

Therefore what is presented here will require some personal effort if it is to be understood. It is worth while, I assure you. Mr Böök's report is a contribution to a deeper understanding of future planning in co-operatives around the world.

## II. **Sven-Ake Böök,** Director of the Swedish Co-operative Institute:

### SOME ASPECTS OF A GLOBAL PERSPECTIVE AND THEIR IMPLICATIONS FOR LONG-TERM PLANNING†

**1. General approach**

My starting point is the following statement by Alex Laidlaw:

> "Of one thing we can be quite certain: co-operatives will be obliged to operate in a world that is largely not of their own making. But this is not to say that people working through co-operatives cannot help to make the future for indeed this is the central purpose of the co-operative movement: to help make a different and a

* From his speech introducing the main speaker, Mr Böök.

† A slightly revised version of Mr Böök's address presenting his Report to the Central Committee on 28th October 1982. The complete text of the Report will be available shortly from the Swedish Co-operative Institute (English only).

better kind of world. The history of the future has not been written, and co-operators must be determined to have a hand in writing it. In short, co-operators can be active participants in the planning, and indeed creators, of the future, if they only have a mind and a will for it."

The Moscow Congress recommended four areas of priority in using our co-operative resources. I have tried to take a further step in order to make the priorities into a practical policy for our future. Thus it is vital to consider this question:

**What is the most important planning aspect here and now?**

In my opinion this question must be considered under three headings:

(1) to make co-operative activities economically efficient and relevant to the majority of the people;

(2) to make co-operative education and training more efficient for members and employees, especially to contribute to their ability to "see and detect" co-operative applications in society;

(3) to communicate the co-operative message more efficiently in order to improve the preconditions for co-operative activities and increase the understanding of what co-operation is and can be.

In other words, the question must be considered under the headings of co-operative *practice*, co-operative *knowledge* and the co-operative *message*, the three cornerstones of the future.

Two more arguments: first, there is and will be no more urgent task for the co-operative movement than that of strengthening international solidarity. Most of the crucial questions which affect the majority of people are international in their basic character. The second argument: mobilising people within and through our co-operative movements is the crucial task for the future; that is the basis of all successful co-operative action. These basic arguments must be reflected in all co-operative long-term thinking, planning and allocation of resources. It is more important than ever.

## 2. Implementation work in progress

Information for the Report was collected by sending out a questionnaire, consisting of ten specific questions, to the member organisations of ICA. About 50 replies were received, mainly from National Federations, and the answers cover most countries with a large co-operative membership.

The general impression obtained from the replies received was as follows:

(1) Examination of the Moscow Report and resolution has started in most member organisations; at present the examination process seems to be at the stage of study, education, information and the creation of public opinion.

(2) The contents and principal themes of the Report have been made available to members in various ways: through translations in many languages, through special information material, conferences and so on.

(3) The Report seems to have aroused unusually great interest in co-operative long-term thinking, not only within the co-operative movement but also to some extent outside the movement.

(4) There are certainly external and internal problems arising in the course of the current implementation work; e.g. the problem of poor understanding by governments, etc., of co-operative development needs; the problems of collaboration, arising through lack of a joint co-operative concept; problems

due to little or no experience or knowledge concerning priorities.
The following list reflects the most common problems and opinions expressed:

- The role of the ICA should be reviewed and defined within the long-term development perspective.
- Socio-economic links between co-operative movements in developing countries and in more developed countries should be strengthened.
- ICA Regional Offices should be created in other parts of the world.
- A positive image of the co-operative movement should be created among young people, and more efforts should be made to interest them in co-operation.
- Ways of collaborating with the trade union movement should be found.
- A need for structural reform among co-operative organisations.
- Further development of relations between co-operative movements and the State.
- The technical and practical training of professional leaders should be advanced and research developed.

These items could be represented as opinions about important "priorities behind the priorities".

(5) Finally, at the present stage of examination, most member organisations have found no reason to ask for further areas of priority. However, a few have submitted proposals for priorities concerning five social spheres:

- The Energy supply
- Savings and Financing
- Research and Education
- Information and the Mass Media
- Housing and Living

In my Report I have recommended a closer examination of these in order to consider them as further areas of co-operative priority for the future.

### 3. Priorities and co-operative relevance

Four additional aspects have emerged from both the replies to questionnaires and from reports, as being of common co-operative interest from a global perspective:

- the meaning of "increased relevance", mainly against the background of the Swedish experience;
- some essential economic lines of action;
- crucial problems from a global point of view;
- some aspects of the role of the ICA.

So, what is the future co-operative relevance of our areas of priority?

This concept "co-operative relevance" was very much used in the Laidlaw report. The reason for this is obvious: our relevance to the needs of the majority of the people is the crucial condition for our development possibilities. It was stressed that several signs throughout the world suggest the increased relevance of the ideas and principles of co-operation.

I agree with this from my own experience and outlook. There is an increased interest in co-operative ideas, values and goals such as participation, social responsibility and economic democracy. It can be seen in the contexts of goal development and goal realisation. It can also be seen in the context of the development of various economic and social policies where the old methods no longer suffice to reach either the "old" goals or even less the "new" ones. In the event, methods closely related to co-operation have been of greater interest, where people take matters into their own hands, etc.

Finally, researchers and opinion leaders increasingly confront reality with the same kind of questions as we co-operators have done for more than a hundred years. Normative research,

especially Future Studies, increasingly "recommend" solutions that are clearly co-operative in their fundamental characteristics.

The experience from Sweden is not unique. Several countries demonstrate similar tendencies. This is certainly helpful for our co-operative future perspectives, but it is mostly a matter of potential relevance, of potential possibilities. We have to transform them into practical co-operative relevance, that is to say into appropriate co-operative forms.

In this context I want to quote W. P. Watkins, a former ICA director. He wrote some years ago:

> "The true problem is not the preservation of co-operative institutions, as they have been or as they are, but the application of essential co-operative principles in appropriate forms for contemporary circumstances. The challenge is not only material, but intellectual. The history of movements, as of nations and civilizations, is the story of their success or failure to rise to the challenges which confront them as the generations and centuries roll by."

Yes, for the future we need to increase our readiness to "detect and to see" the many kinds of possible co-operative applications in society as a whole. We need to increase our knowledge about successful as well as unsuccessful development models and experiments. We must not repeat our mistakes. We can't afford that. We must repeat our successes. We need systematically to collect, to discuss and to develop various kinds of ideas on how to apply co-operative forms to our various needs on our way from the cradle to the grave.

These are briefly my main motives in bringing forward my recommendation of a programme for research and education to achieve these aims. We also urgently need to study ways of effectively explaining and communicating our co-operative message to people outside our movements.

## 4. Economic perspectives

When considering the economic perspectives of the priorities, we all know that the general economic outlook for the eighties is a gloomy one. The economic crisis is a world crisis of long duration.

For co-operative organizations with a strong dependence on markets, this will intensify the economic restrictions on allocation of resources, which may cause serious problems for the good *co-operative* development of our co-operative instruments.

What then are our long-term lines of action when looking at the priorities from these perspectives?

In brief, in my Report I have drawn the main conclusion for the long-term future, that it is more important than ever to bring forward our unused special co-operative possibilities (hidden resources) in order to strengthen our economic base. We must to a greater extent create our own stable economic conditions, nationally, regionally and internationally. From a global perspective the world co-operative movement must work more effectively towards co-operative self-reliance by developing mutual economic and businesslike transactions. In other words by developing the practical meaning of the Sixth Co-operative principle – Co-operation among Co-operatives. We must work together in order to increase our independence of the profit-based economic system.

I have also drawn attention to two lines of action for the future:

(1) Further development of the "co-operative sector" idea of mutual support.

(2) Further development of international co-operative financial collaboration.

Certainly this is not a new idea. We have discussed this many times, so I can express myself briefly.

Firstly, the "co-operative sector" idea. We should immediately consider, in a special report, lines of action

- to make a larger proportion of our commercial transactions inter-cooperative
- to commercially support the development of various co-operative types and forms, especially in their early stages of development.

This opens very challenging perspectives. In these contexts we have much experience, many practical models and still more ideas. We also know that there are many problems and many external and internal obstacles. Nevertheless, we have to make the effort.

Secondly, the question of co-operative finance. It is obvious from the questionnaires that this question worries most of the member organizations. It is without doubt a central "priority behind the priorities". We need to develop measures for further forms of mutual exchange of experiences in co-operative finance. Moreover, it is urgent and necessary to consider ways of developing an international co-operative financial system. We will surely need that in the future.

Nor can we neglect the question of co-operative structural development. Many member organizations have stressed this. We can also observe that in recent years, many co-operative organizations have undertaken radical revision of their structural patterns. Some co-operatives have given up the old federal model and turned to a national integrated organization.

These questions are crucial for future co-operative development perspectives, and should be studied and reported on in the years to come. I have only drawn your attention to some aspects of one dimension of the problem of structure: the question of scale. In the future this question will become even more important, especially when we discuss ways of combining economic and democratic efficiency, stressing the dimension of participation in the concept of democratic efficiency.

Surely, the co-operative way has unique possibilities in these contexts.

## 5. The Basic global perspective

When considering the future of co-operation as an international movement based on solidarity, we can never lose sight of the basic problems of mankind: the threatening prospects of nuclear war and the deeply unjust global distribution of the necessities of life, which are two basic aspects of the same subject: the conditions for peace.

We can see in the early eighties, that popular movements for peace are beginning to be formed all over the world. More people, especially young people, are conscious of the limits of the future and are searching for ways of making a future possible. This is an undercurrent running through political parties, trade unions, through their youth associations and their internationals, through popular movements, etc.

As a world movement *of* the people, *for* the people, *through* the people, we cannot stand aside. We ought to develop ways of identifying ourselves with these growing movements. We ought also to ask ourselves, if we should develop a special international forum for co-operatively engaged youth, aimed particularly at working for peace in a co-operative way.

In considering these questions it is

essential to pay due attention to co-operative links with the UN Year of Youth in 1985.

### 6. The role of the ICA

Many ICA member organizations emphasized the need to make clear the role of the ICA in the future work of implementing the recommendations of "Co-operatives in the Year 2000". Many member organizations also expressed the desire for contributions to be made by and through the ICA. My own reasoning also implies the need for the ICA to play a greater role.

To that might be added the general development perspective in which the problems of mankind are becoming more international in their character and call for ways of increasing international solidarity.

The conclusion for long term development is obvious: The ability of the ICA to fulfil its crucial task must be assured. What needs to be made clear are the ways of bringing this about.

### 7. Conclusion

What are the most important aspects to bring into our process of planning here and now?

My work on this Report has led me to recommend the following considerations for our global co-operative resource allocation in the long-term planning perspective:

(1) Further examination of priorities from perspectives other than those in my report (Eastern European socialist countries, preconditions for developing countries, the role of women).

(2) Examination of some proposals for further priorities.

(3) Carrying out of a programme of research, education and information on long-term questions raised by "Co-operatives in the Year 2000", especially with the aim of increasing the capacity to see the relevance of co-operative solutions.

(4) Development of lines of action according to the co-operative sector idea, nationally, regionally and internationally.

(5) Increased exchange of experience in the field of co-operative finance and steps to consider the development of an international co-operative financial system.

(6) Development of suitable co-operative forms for co-operatively committed young people to contribute to the work of peace.

(7) Development of an increased role for the ICA.

These are all long-term measures. Their effects will be observed and realized only in the future. On the other hand the future is always reflected, in some way or another, in our short-term decisions. And it must be reflected systematically, if we, as Alex Laidlaw said, are to be "active participants in the planning and creation of the future".

## III. **Yvon Daneau** (Canada), Member of the ICA Executive Committee:

### COMMENTARY

It is comforting to know that ICA member-organisations are giving a rapid response to Dr Laidlaw's Report and to the priorities laid down at our last Congress.

It seems that the co-operative message is gaining wider and wider acceptance, even though some fundamental questions remain unsolved as yet:

- How to present our co-operative message
- How to mobilize attention and attract interest in the co-operative approach.

Speeches will not be enough to convince people how relevant co-operative solutions can be. We shall have to present facts and concrete actions with direct meaning for people's daily lives. The present situation requires from the co-operative movement that it pools all its resources efficiently and explores new avenues.

Mr Böök suggests that we should, both at national and international level, develop our own strong economic framework. An ambitious project indeed! Yet, it fits into the course of the economic evolution which we have been experiencing for some years already.

The steadily increased interweaving of industrial, banking and financial capital illustrates, obviously enough, the efforts developed by the capitalist system to organize itself into conglomerates; and even more, to merge those conglomerates into powerful groups, where the traditional distinction between financial and non-financial companies tends to dwindle away. Such a concentration of economic power highlights the nature of some of the issues that the co-operative movement can hardly ignore today.

Therefore, the co-operative movement must pool its resources and redress its shortcomings. The question of financing co-operative development is currently among the most pressing issues. In this respect, Mr Böök proposes that collaboration among co-operatives should go beyond national borders, and should become operational in the form of a stronger international co-operative financial system.

Does this mean that the whole co-operative financial system should be internationalised?

While it is true that, in shaping a better structured international co-operative sector – which would also be more inter-dependent – self-financing appears to be a must. At the same time we shall have to look for structures which will adequately respond to the financial needs of co-operative enterprises as well as pay due respect to the democratic functioning of our institutions. This is indeed a difficult challenge for all of us.

This is now the appropriate time therefore to consider the problems of co-operative management, training and finance. The difficulty of following co-operative principles in our daily activities has been raised more than once in our exchanges and in our writings. We find ourselves discussing this issue again and again, as if there were no real solution to the problem.

However, in spite of all the problems currently facing the co-operative movement, should we be facing the future with pessimism?

My answer is "No!"

The co-operative reality – imperfect as it may be – includes elements which meet the fundamental concerns of today and which are among the new values of the future. If, as Gandhi said, "the goals are to be found in the means", it is our responsibility to invent the right "means" for our co-operative movement.

It has already been said that people want to be more involved in the decisions that affect them. It has also been said that, during the past two decades we have seen the emergence of multinational companies which play a very important role in the economic life of the world.

I believe that co-operatives, through the various decentralised levels at which they work, are able to satisfy this desire for participation. In addition, this decentralisation of activity, which is fundamental to the understanding that co-operators have of democracy and freedom, could – through improved co-operation among co-operatives – contribute to the establishment of new enterprises that would meet today's economic needs, and create international structures to complement the activities of our national co-operative movements.

What we need for tomorrow are co-operatives which, around the world, are based on the specific needs of local and national communities, which make use of these new forms of strength, and which provide a wider range of services – at the same time as they allow the effective participation of individuals at the various structural levels.

These national activities should also be complemented by new forms of international co-operation which go beyond our national communities. If we are to live our co-operative principles to the fullest, and socially and economically fulfil the co-operative concept, we must broaden our perspectives and our horizons.

I believe that this is a challenge which could bring together all the energy and strength of the co-operative movement in adapting to the needs of our changing world. The response to these challenges is the responsibility of all co-operators and all those who wish to live in a better world.

## IV. POSTSCRIPT

20 speakers contributed to the debate. Time was short, and the list of speakers had to be restricted. The report had also been touched upon in the discussion of "An ICA Policy for Co-operative Development" and in the planning reports by the ICA auxiliary committees and working parties. Statements were made by: Romania, Canada, Japan (consumers), United Kingdom, Belgium, Poland (2), Bulgaria, France (FNCC), Czechoslovakia, Italy (4), Finland, Nigeria, USSR, USA (CLUSA) and Portugal.

The statements were mostly favourable to the report and to the recommendations. Some aspects were emphasized:

- member involvement, member consciousness
- women perspectives
- financial preconditions from a global perspective
- peace (especially by eastern European countries and Japan)
- young people, youth
- research, future studies
- increased commercial relations
- media development
- special conditions in socialist countries

There was one objection to the recommendation in the Report on Youth and Peace, on the grounds that this appeared to equate "pacifism" with peace, and was in any case outside the province of the ICA.

The discussion was summarized by Lars Marcus (Sweden), who recommended further study of the full Report, which would be available from the Swedish Co-operative Institute early the following year.

**However, the future approaches rapidly – to become effective, we must start now!**

# TOWARDS MOVEMENT-TO-MOVEMENT CO-OPERATION

## A note on the efforts to enhance NGO participation in the Zambian-Swedish Co-operative Aid Programme

**by the Project Development Section,** Swedish Co-operative Centre

### Introduction

Early in 1982 an aid agreement was signed by Zambia Co-operative Federation (ZCF)* and the Swedish Co-operative Centre (SCC)‡ on financial support and technical assistance personnel for the development of the Co-operative Movement in Zambia. The agreement will also enable the establishment and strengthening of links between the co-operatives in the two countries, in order to achieve a *genuine movement-to-movement assistance programme.*

No new programme has been established as such, the ZCF/SCC programme is a continuation of the official Swedish Support to the Zambian Co-operative Sector. Swedish aid to the Co-operatives in Zambia can trace its origin to the late sixties when volunteers were sent out to assist the production co-operatives. The present programme was started in 1972 with assistance to the government in planning for multi-purpose co-operatives and education, including the setting up of the Co-operative College. Its support comprises technical personnel and financial aid to a total of approximately US$4.5 million, which roughly corresponds to 1/6 of the total Swedish aid to Zambia in 1981/82. Personnel provided under the agreement number 26, and the advisers are engaged in education, accounting/auditing, agricultural credit, planning and general management. There are also a few specialised posts such as economists and executives at ZCF. Personnel support is extended to the Unions, the Primary Societies, and on the government side, the Department of Marketing and Co-operatives and the College.

The financial aid component, which constitutes the major part of the programme budget, is directed to a multitude of causes. Some of these are: credit, marketing infrastructure, training and direct support to Primary Societies. This element of the programme has increased in volume over the last couple of years, concurrently with the expanded business of the Co-operative Unions and the deliberate efforts to strengthen the Primary Societies.

### Rationale

We must outline the rationale underlying the decision to convert the programme to non-governmental (NGO)

* ZCF is the apex organisation for all co-operatives in Zambia.

‡ SCC is the donor agency for development aid of the Co-operative Movements in Sweden.

status*. SIDA‡ has a progressive and unorthodox attitude to development aid. The agency has over the years tried to improve the aid delivery mechanism and the implementation of projects and programmes. It has also considered it important to involve the Swedish popular movements and financially support aid projects of NGOs. (In fact, popular movements are pioneers of Swedish development aid and formed the predecessor to SIDA in the late fifties.) SIDA also wants to make use of the technical know-how of the Swedish resource base.

Given this background, the fact that the Swedish co-operative movements have a long tradition in development aid and that a movement-to-movement programme would channel the support more directly to the ultimate beneficiaries, it was quite logical that SIDA, in the late seventies, should bring up the idea for discussions with the Government of Zambia. The latter responded positively, and the reason for not initiating the scheme until this year, was simply that ZCF needed time to develop its managerial capability. Its capacity to act as a direct receiver of foreign aid was assessed in mid-1981 to be adequate, and final negotiations, leading up to signing of the agreement, were completed during the latter part of the same year.

The practical benefits deriving from the above mentioned policy can be summarised in three points. (A further discussion on the benefits will be found at the end of this article.)

1. The fundamental reason for converting the programme is the wish to develop the ties between the co-operatives in the two countries, thereby linking the resource base in the donor country to the recipient movement. Government aid funds can thus be said to constitute the lever by which two popular movements are brought closer to each other, in the implicit hope that links thereby fostered will survive the period of official government aid. Seen in the most optimistic prospect, these links might in the long term develop into commercial relations. This is to view the development of the Zambian co-operatives in a long term perspective, in the hope of avoiding a situation whereby all contacts with the donor side are completely cut off once the aid programme has come to an end.

2. The second reason for the scheme is of a much more immediate character. The parties involved agree that substantial benefits can be obtained if the aid can be channelled directly to the beneficiaries and their organisations. The process of aid delivery is much simplified, red tape and bureaucracy are cut down to a minimum and a higher degree of flexibility in the implementation of the programme can be obtained. In short, it is possible to incorporate some of the positive characteristics of NGO aid programmes.

3. There is a third, much more subtle point. ZCF has been recognised by the Zambian Government as an organisation capable of channelling and receiving a substantial part of the official foreign aid from Sweden. This certainly enhances the status of the co-operatives and their apex organisation, and their role in the development work in the Zambian community and gives them a responsibility to live up to. This value should not be underestimated.

* The two governments retain overall control of the programme and it does not, in the strictest sense of the word, have NGO status. However, for the sake of convenience, this expression is used in this note.

‡ The Swedish International Development Authority – governmental.

## Prerequisites

Having gone through the process and negotiations leading to the agreement, it is now possible to summarise what can be regarded as the prerequisites for converting the co-operative development programme to NGO status.

Obviously there must be an awareness on the part of the recipient and donor governments of the benefits to be derived. This sounds probably less controversial than it is in practice. We must, however, realise that there is no evidence to support this argument, and it may only yield results in the long run. Secondly, the argument of less bureaucracy and greater flexibility is not easy to sell within any government department, be it on the donor or recipient side. It is therefore with appreciation that it can be recorded that, in this case, both governments displayed awareness as well as willingness to "hand over" to the two co-operative movements.

The apex organisation, representing the beneficiaries, must have a management competent to function as a receiver. This is, however, not only a matter of recording funds transferred and providing office space for expatriate personnel. ZCF must initiate and prepare development plans for the co-operative sector, and out of these derive the needs for project inputs on an annual basis, as well as in the long run. The organisation must also have a well-functioning financial control, knowledge of international trade (part of the financial support enters the country in the form of commodities and equipment) and last, but not least, the confidence and support of its member organisations. ZCF must also assume the role of project leader for some 25 experts who need job descriptions, guidance and supervision in their work as well as administrative support.

On the donor side there must be an institution with experience of co-operative development work and good knowledge of, in this case, the Zambian rural development scene and its co-operatives. To continue generalising the issue, this institution needs also to be part of, and have full access to, the resource base if the main objective of the project conversion is to be realised. Furthermore, and equally important, the organisation must share the aid philosophy of the government donor agency and be familiar with its operational implications. Finally, experience of recruitment and employment of technical personnel is also a necessary ingredient.

## Project Administration and Control

In the practical co-operative promotion work in the field, the change in the project status does not bring any drastic changes. The most immediate basic change is the handing over of the day-to-day control of the programme by the Government of Zambia to ZCF, and SCC has in a corresponding manner taken over the responsibility for the donor side administration. The overall control of the programme is retained by the two governments, and a steering mechanism and control stations have been established in the aid agreement for this purpose. The co-operative programme is part of the Zambian-Swedish Agricultural Sector Support Programme (ASSP)*, established in 1978, which

* Other main components of the ASSP are the Integrated Rural Development Programme, the Agricultural Training and Extension Programme, the Agriculture Research and Seed Programme and the Survey Programme. ASSP budget for 1982 totals approx US$15 million.

holds annual reviews and budgeting sessions. The budget of the co-operative programme provides SIDA and the Government of Zambia with the main steering instrument and this budget is agreed upon during the annual ASSP review, in which all parties concerned participate. The annual operational guidelines for the co-operative programme established during these reviews are also part of the steering mechanism. The overall control of the programme is mainly exercised during the ASSP reviews and through the regular reporting. In addition, the ASSP parties meet quarterly and it is possible for ZCF/SCC to refer any major deviations from the budget, which are considered necessary, to these meetings.

It can in this connection be mentioned that being part of ASSP is no drawback or handicap to a programme which, after all, prefers to look upon itself as a NGO undertaking. On the contrary, it is through its membership of the ASSP that the programme is able to co-ordinate its activities with other development efforts within the rural sector and lobby for the cause of the co-operatives. It is also felt that if the two co-operative organisations perform according to set standards and improve upon the execution of the programme, the two governments will gradually be prepared to loosen the control, so as to pave the way for more genuine movement-to-movement assistance. The co-operative programme in ASSP can be regarded as a programme of modern conception in a modern package.

The changed status of the programme does not mean that the government institutions do not need support. Co-operative technical personnel (today numbering around 8) required by the Co-operative Department and the Co-operative College are budgeted for in the programme's personnel plan, employed by SCC and seconded to these institutions. The financial aid to the government side is, on the other hand, disbursed straight from SIDA and is therefore not part of the aid agreement.

In order to let the co-operatives in Zambia have a definite say in the appointment of technical personnel, a representative of ZCF participates in the interviews with candidates and the final selection in Sweden during an annual recruitment mission. The Goverment of Zambia has retained the power of overall clearance of personnel, and in order to speed up the recruitment procedure, a list of short-listed candidates is submitted to Zambia prior to the annual recruitment mission. A modified version of this system was operating for five years before the agreement came into force, and it is possible to assert that this procedure is functioning well. The saving in time is considerable and the recipient organisation is keener on making optimum use of the personnel if it has been able to do the selection itself.

The personnel seconded by SCC under the agreement enjoy the same privileges (exemption from income tax and right to import duty-free car etc) as SIDA-employed personnel in Zambia. This is made possible by appending relevant paragraphs of the Zambian-Swedish General Agreement on Development Co-operation to the SCC/ZCF aid agreement. Similarly, imported commodities and equipment purchased under the agreement are brought into the country duty-free, since the provisions controlling corresponding government procurements are applicable. This is confirmed through the counter-signatures of the two governments in the aid agreement.

Administrative costs of SCC are part of the programme budget. Corresponding costs of SIDA did not previously appear in the programme, since these services were part of SIDA overhead costs in Stockholm. From this point of view, Zambia is in the short run charged added costs for the programme and this should be weighed against the advantages, and also regarded as costs for trying out this method.

## Appraising the Benefits

It is for obvious reasons difficult to make a proper assessment of the importance of the conversion of this co-operative programme. And it is particularly hazardous to make any prediction of the long-term advantages. What can be said, however, is that the short-term benefits attributed to the less cumbersome machinery of ZCF and SCC are already discernible today, and these ought to become more noticeable and obvious as the two co-operative organisations gain further experience. It is the opinion of SCC that these short-term gains in themselves justify the changed status of the programme.

A word of caution must be inserted here. When we talk about less bureaucracy and greater flexibility, this is not to imply that the two co-operative organisations possess superior managerial capability compared to the two governments. It is the mere fact that the two organisations are much smaller, and that they are NGOs and thus less burdened by regulations, which makes the difference. A small example will illustrate this. Technical personnel put at the disposal of recipient countries by SIDA are subject to Swedish Government regulations for appointment and employment of civil servants. It is not difficult for SCC as a NGO to expedite recruitment and appointment procedures and have the personnel arrive in the recipient country sooner than if they had been employed by SIDA.

Will the programme in its new form make any difference to the ultimate beneficiary, the co-operative farmer?

The question may seem presumptuous, and we hasten to add that one must view the aid programme in its proper perspective. This is to say, the aid inputs constitute only one rather small factor among many others contributing to the development of co-operative societies and their members. But still the question must be raised, even though there is no obvious answer today, or in the immediate future. We dare say, however, that making ZCF directly responsible for planning and programme budgeting increases the sensitivity to basic development issues at grassroots level. If the machinery for democratic influence is functioning, a co-operative movement is by definition more susceptible than a government department to the needs of its members. The question posed may be answered temporarily by stating that the new status of the programme *opens up the possibility* for a higher degree of member influence in the programme if the representative democracy is functioning, and that any possible effects will only manifest themselves in the *long run*.

On the other hand, the co-operative leaders in Zambia must not be sensitive only to the needs of their members. There is also a large body of subsistence and semi-subsistence peasants who for obvious reasons do not belong to the co-operative community, and co-operators cannot just lay the needs of these poorer groups at the door of the government. The co-operative sector must be prepared to assist the government in improving the poorer peasant's lot, and it must therefore assume

responsibility for the development incentives needed from the primary societies and unions. And this could be reflected in the programme budget if the indigenous resources do not suffice.

We need also to take a look at the foreseeable effects of bringing the Zambian and Swedish movements closer to each other. The most immediate result will most likely be visible with regard to recruitment of personnel – consultants and staff on long-term appointments. By bringing the programme closer to the Swedish resource base, it will, for example, be possible for SCC to request the co-operative movements in Sweden, in a more urgent manner than before, to release personnel for consultancy missions. SCC will need to embark upon special recruitment campaigns in order to make more staff members of the Swedish co-operative movement interested in long-term assignments in Zambia. Such efforts will of course also benefit from the conversion of the programme.

Back-stopping services would probably be the next function which could be developed. The concept of back-stopping implies institutional contacts, whereby ZCF can draw upon the technical know-how and experience of the movements in Sweden, with SCC providing the linkage in the beginning, without the experts necessarily having to visit Zambia. If e.g. the agricultural co-operatives in Zambia are to embark upon a programme for improving the storage for cash crops, it is reasonable to argue that it would be beneficial to ZCF to have contacts established with co-operative expertise within this field in Sweden.

There being no inherent understanding of Zambian local conditions within the Swedish co-operatives, back-stopping will only be suitable for the technical type of problems which do not require local knowledge. Back-stopping would differ from ordinary services provided by donor agencies or private consultancy organisations, by ensuring continuous access to the same organisation. For advice continuity is considered valuable, and it might also foster a sense of responsibility and impart know-how of third-world problems on the part of donor organisations. Although back-stopping services will be paid for by the programme, it is necessary to realise that the problems of Zambian co-operatives will be given second priority in situations where they are competing for scarce personnel resources within the Swedish co-operatives. One must therefore not stretch the "loyalty" issue too much and thus not overestimate the possibilities of back-stopping services.

This note can be concluded by the observation that this aid agreement is not the first in its kind, nor is it unique, but its significant size and the fact that the agreement is entered between NGOs, making use of government aid funds, could nevertheless prove to be a landmark in the development of co-operative aid delivery. SCC also hopes that the programme will contribute to the enhancement of the role of NGOs in development work in the third world.

# PARTICIPATION AND RURAL DEVELOPMENT

by Björn Gyllström*

IN most Third World countries, economic growth has failed in raising the standard of living of those groups constituting the bottom half of the rural income hierarchy. Material poverty and socio-political marginalization remain as outstanding characteristics of peasants and agricultural labourers, who somehow manage to eke out a living but without sufficient leverage to change their conditions (FAO, 1979; DSE, 1981).

The underlying reasons are of course complex and certainly not confined only to institutional and organizational factors. In addition to political fragility, ethnical and cultural diversity, human resource constraints, population growth and a vulnerable physical resource base, external conditions have been unfavourable. For almost a decade, soaring oil prices have adversely affected the oil-importing countries' balance of payment position and debt burden. One consequence has been restriction of imports of goods and machinery essential for the national economy as well as the agricultural sector. The deepening world recession has also had the effect of considerably slowing the growth of trade in primary commodities (The World Bank, 1981a; 1981b).

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It seems, however, that the unsatisfactory performance, particularly in the rural sector, has been conditioned to a significant degree by controllable, domestic factors. Thus, in the agricultural sector, institutional and organizational arrangements frequently appear to have aggravated rather than solved problems related to production, employment and income generation. At the same time, it is clear that the wide range of different strategies and approaches to agricultural and rural development which characterizes Third World countries, defies any straightforward identification of generally valid explanations.

In socialist countries collectivization of agriculture has involved the creation of agrarian institutions based on co-operative and collective approaches. Usually the co-operatives then cover both production and marketing; they provide also a number of social services for their members, particularly women, children and elderly. Within the context of a socialist development strategy, collectivization is obviously seen as a primary requirement for eradicating exploitative class relationships and for alleviating absolute poverty. However, possibly with the exception of China, socialist agriculture seems to be facing a variety of deep-rooted problems, impeding not only aggregate income growth and economic diversification but also increased agricultural production (R. H. Green, 1982; D. Bekele, 1982). The recent introduction of "the

responsibility system" in China and similar approaches in Vietnam may be seen as attempts at increasing productivity by allowing for a higher degree of flexibility and achievement orientation – but apparently also of risk-taking – at household level (N. H. Dong 1982; B. P. Hazard, 1982).

In the market economies, institutional reforms in the primary sector have usually been piecemeal and incremental in character. This has allowed space for a wide spectrum of organizations, ranging from large-scale agri-business, contract farming and service co-operatives to smallholders and sharecroppers only loosely linked to the market economy.

Smallholder co-operatives – involved in procurement of inputs, channelling of credit and marketing of produce – have commonly been perceived as important to agricultural and rural development strategy, at least in Africa and South Asia. The basic structure of such co-operatives is derived from a European model dating back to colonial times, and their original orientation towards marketing of export crops is still recognisable.

In some instances, mainly in connection with land reforms, production co-operatives have also been established. In both roles co-operatives have been claimed to serve a variety of economic as well as social objectives. In practice, however, governments appear to have used them mainly as an instrument for extending commercial production to the smallholder sector. It was assumed that this would, over time, result in the technological up-grading of production, in increasing interaction with other sectors of the economy, and in a growing surplus available for appropriation and economic differentiation.

The influence of modernization theories and their "trickle-down" models is seen also in the role assumed by the state in relation to co-operatives. Governments, acting as "development agents", rendered co-operatives various forms of direct material and technical assistance which to a considerable extent were tied to specific, centrally determined activities. The structure, coverage and operations of co-operatives therefore in many ways can be seen as reflections of government priorities rather than local preferences and initiatives. The transfer of resources was followed by administrative machinery to ensure their proper utilization, which in practice resulted in close supervision and government involvement in co-operative activities (FAO, 1982; C. Harvey et al, 1979).

A particular type of commercial organization in the agricultural sector, which seems to be rapidly increasing in importance is the agri-business linked to contract farmers (outgrowers). The contract farming concept denotes the organizational principle of combining the nucleus estate/processing complex (sometimes only a processing unit) with smallholders linked as outgrowers. The agro-industry provides contracted smallholders with the inputs required, arranges for transportation to the processing unit and for marketing. These undertakings, which focus on export crops, are often joint ventures between the state and national/transnational corporations. The latter are the principal actors, having access to marketing channels and controlling essential elements of the production technology (M. Buch-Hansen et al, 1981; B. Gyllström, 1977).

In the market economies, contract farming and similar organizational arrangements seem to owe their increasing popularity to failures in the co-operative sector: In terms of recorded production these tightly programmed

organizations no doubt seem to be successful. However, contract farming is usually confined to areas with a favourable agricultural potential, to export crops and to the most "progressive" smallholders. This spatial and social stratification may therefore seriously accelerate rural polarization and increasing reliance on technologies and markets outside the control of the primary producers.

A central aspect of co-operatives is that they are perceived not only as agents of improved agricultural performance, but also as democratically run organizations, based on the active participation of their members. This characteristic, usually seen as being of critical importance for furthering social and economic mobilization and self-sustained development at local level, has not always constituted a salient feature of agricultural co-operatives. Although formally meeting these requirements, they have tended to develop into relatively complex organizations, alien to and outside the influence of large sections of the membership. As a consequence, it is frequently claimed that the more influential and educated members take advantage of the democratic qualities of co-operatives, which results in a biased distribution of services and benefits.

As a result co-operatives have been blamed not only for a mediocre record in terms of economic performance, but also for having failed to contribute to the achievement of their basic social objectives. In this respect, there are widely differing opinions as regards feasible solutions. Some argue that too much attention has been paid to the social dimension at the expense of economic and technical considerations (H. Münkner, 1976). Others instead maintain that co-operatives are bound to fail as long as they do not actively try to involve their members and to reach the rural poor (R. Apthorpe et al, 1979).

These socially oriented shortcomings have also been recognized officially and as a consequence more active support seems to be given to less formal, self-help groups and participatory organizations that directly involve the rural poor (FAO, 1979; G. Huizer, 1982). Quite apart from the official sanctions offered to specific participatory organizations, a growing number of spontaneous movements have emerged in recent years, some as revolts against exploitation and oppression (M. A. Rahman, 1981).

The general observation that may be supported at this stage is that the institutional and organization framework established for agricultural and rural development is of importance both for economic performance and social reproduction processes. Furthermore, fairly detailed knowledge about existing agrarian institutions, and the various forces that regulate and otherwise influence their behaviour, will be required to arrive at organizations with performance and impact characteristics compatible with socially acceptable development objectives. Dimensions of decisive importance would then be:

- government policies, legal framework and forms of central support, supervision and control;
- the local economic and socio-political environment in which the organizations operate;
- physical and technical constraints (e.g. physical resource base and infrastructure).

The effects of these forces and conditions are reflected in varying degrees in the performance and impact of the organizations. Performance refers to the managerial/economic efficiency both within the organizations under study

and the administrative superstructure which is assigned the responsibility for promotion, supervision and control. Impact is perceived as the results achieved by the organization seen in relation to those social and economic objectives it has been assigned to fulfil. In line with this, impact indicators denote variables used to estimate to what extent an organization has contributed to achieve these objectives. By and large this means that an immanent approach is followed, i.e. the social and economic objectives that national governments have defined for the co-operative movement are accepted as a basis for analysing and assessing impact characteristics (R. Apthorpe et al, 1982).

Considering the democratic and participatory characteristics usually associated with co-operatives and self-help organizations, impact indicators reflecting these qualities will be of central importance. According to one definition participation entails:

> ". . . the creation of opportunities that enable all members of a community and the larger society to actively contribute to and influence the development process and share equitably in the fruits of development." (UN, 1981: 5).

The concept of participation, however, is elusive and an unequivocal definition would require that it should be related to a situational context. Within the framework of a programme, participation therefore is interpreted in different, though complementary, ways depending on which specific aspects are being considered. The definitions have in common that they aim at reflecting quantitative and qualitative characteristics of organizations regarding their capability to involve broad social strata in activities conducive to development at local level.

Within this context, three general aspects of participation may be identified as being of particular interest, namely those relating to *scope*, *source* and *rules* of participation. Scope of participation involves reach, functionality and reflection, where *reach* simply denotes to what extent an organization covers the rural population living within its area of operation, for example the relative share of households being members of a co-operative society or linked as contract farmers to an outgrower scheme. *Functionality* on the other hand, would indicate the degree to which those reached by an organization actually take part in its activities as economic actors, whether as buyers of inputs, suppliers of produce, borrowers or workers. In the case of service co-operatives it seems fairly common that the majority of members in this respect are low-rating. In outgrower schemes, commonly composed of so-called progressive smallholders, a more uniform high-level oriented functionality could be expected. On the other hand, their reach is often low, which implies that they may contribute significantly to increasing polarization in rural areas.

Participation comprising only a functional dimension, i.e. taking part in activities designed, induced, and possibly also controlled by others, is obviously mechanical in character. A more comprehensive interpretation of participation would need to take into consideration also a person's or group's ability to subordinate activities to conscious *reflection*. Reflection thus would constitute a motive force being integrated with an individual's or group's action. Subsequently, the concept is meant to include,

> ". . . all acts of mental labour such as thinking, deliberating, inquiring, researching, analysing, choosing,

deciding, planning, etc." (*Md Anisur Rahman, UN, 1981:3*)

In Third World countries, very large strata among the rural population seem to be excluded from this kind of participation. In most cases this probably means that people's initiative, creative talents and resources are suppressed and/or steered in directions conducive to the interests of those groups which have appropriated strategic reflective activities. Such exclusiveness may certainly contribute to maintained maldevelopment and increasing stratification.

The institutional framework and structure of rural organizations may be more or less conducive to reflective participation. Outgrower schemes, for example, are in this respect likely to be low-rating, while a small, locally based self-help group may represent the opposite. The level of reflective participation characterizing people linked to a particular rural organization, may however not be determined to any major extent by the organization but could be due to other factors in its economic and socio-political environment.

Participation may also be categorized according to how it has been initiated (source). A distinction can then be made between spontaneous, induced and coerced participation (UN, 1981:8). *Spontaneous* participation refers to voluntary and autonomous action or organization unaided by government or other bodies. Over the last decade an increasing number of such groups/organizations have been formed, and sometimes display a remarkable involvement of the rural poor. Subsequently it appears that spontaneous and reflective participation are closely interrelated. As regards the wider impact of these organizations, the position is less clear particularly with regard to the sustainability of such efforts (FAO, 1979).

*Induced* participation, i.e. sponsored, mandated and officially endorsed, is common, being typical of a variety of community bodies and co-operative organizations. Induced participation is frequently followed by limited reach, i.e. through a pre-defined activity orientation and/or institutionalized norms regarding eligibility, they tend to comprise only specific strata of the rural population. Further, among those recognized as members/functional participants, support may be biased towards narrow strata (this often applies for example to credit and extension services). Commonly, this is based on an evolutionary notion that the insertion of "change agents" at critical points in the rural community – through trickle-down effects – will induce socio-economic development. However, this kind of itemization seems to have had two serious shortcomings. One has been that the gains appropriated by the 'target groups' do not appear to have positively influenced the condition of the rural poor. Secondly, in response to inhibited trickle-down effects new organizational arrangements have been invented to reach the marginalized population. This further itemization, however, may have contributed more to bureaucratic proliferation than to a broadly based, rural development process (C. Harvey *et al* 1979).

*Coerced* participation (compulsory, manipulated and contrived) is characteristic of collective organizations such as communes, producer co-operatives and related forms of collectively organized agriculture, although elements of compulsion are present also in other types of rural organizations (settlement schemes, outgrower organizations, etc.). Coerced participation is close to total in reach. Nevertheless it may display considerable variations in terms of

functional and reflective participation. The large differences noted in respect of functional participation, both within and among collective organizations, can partly be seen as a reaction to the compulsory element, and partly to the way in which costs and benefits are balanced and distributed among those belonging to the organization (F. Ellis, 1982; L. Harris, 1980). This, in turn, is probably to a considerable degree related both to the political and administrative superstructures and their mode of collusion with the economic and socio-political structure at local level (D. Bekele, 1982).

It therefore appears that far-reaching agrarian reforms, so far, have had a limited positive impact on the rural poor in terms of material conditions and degree of reflective participation. Recent changes in China and Vietnam are in that context of particular interest as they involve the delegation of decision-making rights to the household level (raised levels of reflective participation), apparently in an attempt to promote functional participation (N. H. Dong, 1982, B. P. Hazard, 1982).

An additional typology that may be applied to participation concerns formal and non-formal characteristics. *Formal* participation is at hand when functional and reflective activities bestow identical rights and obligations on members, and require particular elective authority roles as common to all (L. Stettner, 1973). This applies to all modern agrarian institutions created, supported or recognized by the state. *Non-formal* participation then refers to social norms considering aspects such as age, genealogical position and other culturally specific expressions of power and status inequalities. Such norms may not constitute the dominating form of participation in any type of self-help group or organization, although it appears that they could exert a considerable influence in smaller groups based on spontaneous participation. Although not officially recognized, norms and values emanating from the social structure in which rural organizations operate may permeate the organization and influence its management, thereby also perpetuating authoritarian and stratifying forces in the local community (G. Hydén, 1972, 1980).

Participation, as interpreted here, is a complex phenomenon. Still, in vital respects it evidently reflects an organization's influence on marginalized and poor strata of a rural population, and it is also closely interrelated with more technical/economic performance and impact characteristics.

With regard to participation, complementary performance and impact elements, the discussion above indicates that neither their nature nor their causes and consequences can be usefully explained unless linked to analyses of the administrative superstructure, local economic and socio-political conditions, and the physical/technical resource base. The same principle applies to analyses of the extent to which various participatory attributes are compatible (e.g. functionality vs. reflection) and to which degree specific participatory features can be combined with particular technical/economic performance requirements.

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# Development of Fisheries Co-operatives in India*

**by S. Chandra,** Managing Director, National Federation of Fishermen's Co-operatives

EXCEPT for Japan and South Korea, most of the countries in the region of South-East Asia do not have a sufficiently strong fishery co-operative structure. If one analyses the reasons for the success of fisheries co-operatives in the above two countries, it may be seen that, in addition to the efforts of the co-operators, the support extended by the governments of these countries greatly contributed to the strengthening of their fishery co-operatives.

## The Examples of Japan and Korea

If one looks at the Japanese success, one cannot overlook the circumstances created by the Second World War when the government conscripted the middlemen engaged in the fish trade into ammunition factories, and also took action to strengthen the co-operatives in the post-war period. The decision to give fishing rights to the fishery co-operatives and to bar non-members from fishing, resulted in the enrolment of all owner fishermen and fishing enterprises as members of fishery co-operatives. Consequently the co-operatives became strong and developed a number of activities. Similarly, the creation of harbour facilities with just 15% investment by the fishery co-operatives and 85% subsidy from national and municipal authorities encouraged wholesale fish marketing in the co-operative sector. Further, the role assigned to fishery co-operatives in Japan to act as intermediate organisations between the government and individual fishermen has enhanced their importance. Supply of fuel oil by Zengyoren supported by a government import quota was another major step. The Japanese experience can certainly be emulated by other countries as far as government support to fisheries co-operatives is concerned.

Korea is another good example. The legal and financial support given by the Government of Korea coupled with mutual insurance schemes played a very important role in bringing the fisheries co-operatives of Korea to their present position. The government's institutional support for the banking functions of the Federation reflected its intention to expand the business and organisation of the fisheries co-operatives and to promote the co-operative movement. The construction of inland fish wholesale marketing centres in order to reduce the number of marketing stages is a laudable achievement of the National Federation of Fishermen's Co-operatives of Korea.

In most countries, including India, the government is playing a very positive role to streamline and strengthen the fisheries co-operatives. However, this sector of the co-operative movement is

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not making the progress desired. Many causes may be identified for this state of affairs – external as well as internal – and in my opinion some difficulties could be removed by the co-operatives themselves.

I would like to draw your attention to a few of the problems that could be solved jointly, by formulating a suitable strategy for combined efforts in SE Asia. Before spelling out the specific areas I would like to add that when we talk about the future, we will have to keep in view the present state of affairs, so that the problems may be appreciated in their real perspective and the solutions suggested may be practicable. The solutions may appear to demand a greater degree of support from our developed counterparts, that we may learn from their success.

## The Indian Experience

Before I put forward the problems faced by fisheries co-operatives and suggestions to solve them, I would like to share some of the experiences of my country with you.

With a view to developing inland fisheries in India, the Inland Fisheries Technical Committee felt the need to propagate fish culture by motivating individuals. In pursuance of this the Fish Farmers' Development Agency (FFDA) Scheme was launched in 1973-74 and fifty such agencies were set up during the period 1973-74 to 1977-78. The number of these agencies has how gone up to 102. The general objective of these agencies was to popularise improved techniques of fish culture in order to step up inland fish production and augment fish supplies to consumers. The specific objects were:

1. to arrange leasing of waters to the fish farmers;
2. to reclaim all cultivable water areas under the scheme;
3. to organise the work of the agency in such a way that it becomes a nucleus for further development;
4. to create a new cadre of fish farmers who will raise fish as distinct from catching fish, by imparting the necessary training and supply of inputs; and
5. to popularise the new avocation and provide increased employment for rural people.

The operational area of an Agency was confined to a revenue district. The State Governments were to provide infrastructural facilities such as fish farms for storage and multiplication of seed, underwrite loans to be obtained by the Agencies from financial institutions, etc. Up to 1978-79 the entire cost of running the programme was met by the Central Government, after which a 50/50 basis of sharing the cost between the Central and State Governments was fixed. Each agency was given targets to be achieved, which included:

1. Setting up a seed farm of about 8 hectares for breeding and stocking of fish seed.
2. Surveying water areas both perennial and seasonal with a view to assessing their suitability for the scheme.
3. Reclaiming 100 hectares of water area in a year and arranging the lease of water areas to the fish farmers.
4. Identification of fish farmers for training in inland fishery development and training at least 95 candidates per year (20 in long-term courses and 75 in short-duration courses). The

*Catamarans, collapsible fishing craft, have been famous on India's Coromandel coast, near Madras, for centuries. A cross between a raft and a boat, the catamaran is made up of logs loosely held together with ropes. When not in use, the logs are untied and left to dry on the sand. Modern progress has come to the fisherman in the picture in only one form – a cellophane covering for the head.*

Photo by courtesy ILO

duration of long-term courses was from one to nine months while a short-term course was of about 2 weeks.

5. Provision of fish seed of different varieties to the trained fish farmers by:
   (a) production of fish fry/fingerlings by induced breeding techniques;
   (b) natural collection of fish eggs and their stocking in the seed farm;
   (c) procurement from other agencies having a surplus of seed to spare; and
   (d) procurement of fish seed from State Government farms and any other source.
6. Distribution of inputs such as chemical fertilizer, supplementary feed, oilcakes, etc. as required by the farmers. The quantum of inputs and their value were to be given as loan-cum-subsidy worked out on a per hectare basis of which 75% was to be as loan and 25% as subsidy.
7. *Marketing:* It was visualised under the scheme that the agencies would organise Co-operative Fish Marketing Societies to end exploitation of fish farmers by unscrupulous traders and middlemen. The impact of the scheme has been very encouraging and positive.

The programme was evaluated by the National Council of Applied Economic Research in the year 1980-81. The Committee observed that the scheme has been very successful in propagating fish culture by motivating individuals and almost all the beneficiaries who were contacted by the Committee fully appreciated the objective. The fish farmers trained under the scheme were given training not only in preparation of ponds and tanks, manuring, induced breeding of fish species, trial netting and harvesting but were also trained to maintain records and accounts with a view to enhancing their managerial abilities.

The result was that as against the poor yield rate of less than 50kg per hectare in many of the ponds and tanks before the implementation of the programme, the yield went up to an average of 580kg per hectare. This helped considerably in raising the level of income of the fish farmers and consequently their standards of living. In a number of cases where the fish farmers adopted scientific management techniques, as suggested by the agencies, the yield rate was reported to have gone up to nearly 1500kg per hectare. This has created confidence among the fish farmers who were earlier reluctant to adopt the recommended practices.

For the purpose of marketing fish produced by the fish farmers, the agencies were to set up co-operative marketing societies. In fact two of the agencies in the district of Bhandara and Chandrapur in the State of Maharashtra, were affiliated to the existing co-operative fish marketing federations, and the Evaluation Team noted that the Co-operative Federation arranged to collect the fish harvested from the pond sites, and there was thus no problem of distress sale of fish or exploitation of fish farmers by the middlemen. With a view to making similar arrangements in other agency areas, the Evaluation Team suggested that the best solution would be for fish farmers to organise marketing co-operatives in each FFDA to help them solve their marketing problems.

The National Federation of Fishermen's Co-operatives has taken up the matter with the Government for the

organisation of co-operative fish marketing societies in all the FFDAs and a draft bye-law has been formulated by the federation and circulated to all concerned to facilitate early organisation of Co-operative Fish Marketing Societies. It may be of interest to know that in one of the States, after the implementation of the scheme, production increased 10 times while in others perceptible improvement was seen in inland fish production.

I have shared this experience of India with you particularly from the point of view that the above scheme sponsored by the Government laid due emphasis on the role of fisheries co-operatives in the field of marketing, while supply of inputs, arrangements for training and technical know-how and leasing of water areas were looked after by the agency. I feel that other countries may also consider introducing similar schemes where fisheries co-operatives can be assigned the marketing role, with government support in the creation of a marketing infrastructure including transport, cold store, ice factory, etc.

## The National Co-operative Development Corporation

Another important institution in the public sector which has been exclusively set-up for planning and promoting countrywide programmes for co-operative societies, including fisheries co-operatives, is the National Co-operative Development Corporation which was set up in March 1963. This is an institution created by the Government of India under a statute of Parliament to promote co-operatives. The Corporation provides financial assistance to fisheries co-operatives for development of both inland and marine fisheries and for development of infrastructural facilities.

Assistance is given to fisheries co-operatives for marketing, supply and distribution activities, purchase of transport vehicles including insulated refrigerated vans, development of fish tanks, establishment of processing units including ice plant, cold storage, fish meal plant, oil extraction units, canning units, service repair centres, boat building yards, purchase of boats, nets and other requisite equipment and for construction of warehouses and setting up of retail booths by the fishery co-operatives.

In most cases of assistance provided by the National Co-operative Development Corporation there is an element of subsidy in addition to the loan. Out of the total assistance required for a particular purpose the Corporation gives up to 80% while the balance is met by the State Government concerned. Thus the total requirement is met by these two agencies and up to 50% subsidy is provided by them to the fisheries co-operatives. Up to 1980 the Corporation had sanctioned Rs. 6.7 million for the development of fisheries co-operatives. This assistance has given very valuable support to the fisheries co-operatives in the country and a good number of fisheries co-operatives have created a marketing infrastructure, processing units etc. by using assistance from the Corporation.

## Life and Accident Insurance

Fishermen face many professional hazards on the high seas and in deep waters. They often lose their lives or are disabled while fishing. Further, natural calamities such as tornados, storms at sea etc. claim a heavy toll of fishermen's lives. Their families are left in a state of destitution and it is necessary to provide economic security for them. Accident

*Fisherwomen crossing the highway near Dargapur. This highway will be part of the Asian Highway connecting Calcutta with New Delhi (India).*

Photo by courtesy ILO

insurance is one of the cheapest forms of providing economic security for the fishermen and their families.

The National Federation has formulated a scheme of Accident Insurance for Fishermen, on the same pattern, as those implemented by the National Federation of Fisheries Co-operatives of South Korea. In South Korea this scheme is implemented exclusively by the National Federation. In India the insurance has been nationalised and the entire general insurance business is done by the nationalised General Insurance Corporation through its four subsidiaries. However, by constant persuasion the National Federation has succeeded in finalising a scheme of Accident Insurance for Fishermen on the suggestion of the General Insurance Corporation of India with one of its subsidiaries, namely the United India Insurance Company. This company has appointed the National Federation of Fishermen's Co-operatives of India as its agent for the scheme. Under the scheme a fisherman between the age of 10 and 65 years is provided with accident insurance cover of Rs. 15,000/- against a nominal premium of Rs. 12/- per year. In case of death through accident of a fisherman insured under the scheme his nominee is paid a sum of Rs. 15,000/-, while in case of permanent disability also Rs. 15,000/- is paid to the injured fisherman. Further, in case of loss of one

eye, one hand or one foot on account of any accident the insured fisherman is paid Rs. 7,500/-. This scheme was launched recently and the federation is urging the government to make the scheme compulsory for all fishermen; the government has also been requested to subsidise a part of the premium.

I would urge that such of the National Fisheries Federations in the region as have not yet formulated/implemented any such scheme, should formulate suitable schemes to provide insurance cover for fishermen and approach their governments for the exclusive right to implement such a scheme.

In order to effectively implement the accident insurance scheme in India, the federation is negotiating with the United India Insurance Company to arrange a training programme in accident insurance for the personnel of fisheries co-operatives. I hope that after the arrangements for training are finalised, my federation may offer the training facility to any fisheries co-operatives in the region setting up such a scheme and requiring training in accident insurance.

I would also like to refer to the 20-Point Programme announced by the Honourable Prime Minister of India for the improvement of the weaker sections of society. The National Co-operative Union of India (NCUI), the apex body of the co-operative movement, has identified 14 out of the 20 points which can be implemented by co-operatives, and has laid down an action programmme for all the co-operatives in the country, including fisheries co-operatives. The National Federation of Fishermen's Co-operatives has urged upon all its constituent members to implement the action programme and it is hoped that The fishermen of India will benefit considerably, particularly in the matter of obtaining credit, construction of houses, family welfare programmes and increasing fish production. The National Federation has urged fisheries co-operatives to implement the programme in a manner that would strengthen the fisheries co-operatives while helping their members to raise their incomes. Fisheries Co-operatives in other countries in the region may consider adopting programmes for construction of houses, supply of drinking water, supply of credit and inputs, education and family welfare programmes for the benefit of their members.

## Co-operation – the way to a better life

Fishermen are the weakest among the weak. Their socio-economic conditions do not permit them, unaided, to drag themselves out of the morass of illiteracy and poverty and break the vicious circle created by the middlemen and traders who exploit them. Co-operatives are acknowledged to be the only organisation which can ameliorate the socio-economic conditions of the fishermen. They can enable the fishermen to develop an institutional structure through which they can avail themselves of financial and technical assistance to increase their catch, gain bargaining power for achieving better prices, and consequently improve their economic condition.

Since the fishermen are generally illiterate they are ignorant about the benefits of co-operatives, their rights as members, and their duties towards their co-operatives. Their economic condition does not permit them to invest in their co-operatives and this is often reflected in the poor financial basis of fishery co-operatives, not only at primary but also at federal level.

Further, the middlemen and fish traders often succeed in manipulating the

fisheries co-operatives for their own benefit.

The structure of fisheries co-operatives in India comprises more than 5,000 primary co-operatives federated into 72 regional/district federations, 9 state federations and one national federation. Membership of the primaries is around 590,000. The picture may appear encouraging but the fact is that this structure is not as strong as it should be in a country the size of India. Since the organisation of the National Federation in 1980, it has been striving hard to strengthen and streamline the structure of fisheries co-operatives. It has been urging the state governments to draw up a blueprint for the organisation/reorganisation of fisheries co-operatives. As indicated earlier, the weakness mainly lies in the ignorance and illiteracy of the fishermen. The first and foremost need, in my opinion, is to educate the fishermen with a view to inculcating in them the spirit of co-operation, as well as imparting training in the latest technology in the field of fishery.

## Co-operative Education

In India a programme of co-operative education was started on a project basis in 8 states and these projects imparted co-operative education to more than 30,000 fishermen. However, the scheme was discontinued for various reasons. The scheme was evaluated twice and in both evaluations the utility and necessity of the scheme was recognised. One of the study teams which studied the working of this programme suggested some modifications in the scheme, and the National Federation has prepared a blueprint of an education programme for members and potential members of fisheries co-operatives.

I think this is an area where the developed national fisheries co-operative federations of the region can share their experience and expertise with their counterparts in other countries of the region. I would suggest that the developed national federations may extend assistance to their counterparts for implementing the education programme for members of fisheries co-operatives on a selective basis.

Training of paid personnel of fisheries co-operatives is another area which has not yet been given the attention it requires. Untrained paid personnel may not be in a position to provide scientific management to their co-operatives and I feel that the national federations in the region can help each other by setting up two training institutions for the paid personnel of fisheries co-operatives – one for marine and the other for inland fisheries. The ICA Regional Office and Education Centre could do a yeoman service to the fisheries co-operative movement in the region if it took up the issue of setting up co-operative fisheries training institutes.

## Regional and international possibilities

It is proverbial that seeing is believing. Illiterate fishermen may not appreciate the theoretical knowledge that the education programme suggested above would give. A more effective and efficient method would be for the National Federations of those countries where the fisheries co-operative structure is not very strong, to adopt fishing villages on a project basis for improvement in production and marketing, as well as management of fisheries co-operatives. The national federations could provide managerial and technical support, coupled with an education programme in selected areas. Such an approach would certainly give impetus to the fisheries

co-operatives concerned, and fishermen members of neighbouring co-operatives could be shown these adopted villages as demonstration units.

Further, infrastructural facilities such as transport arrangements, marketing, processing and preservation arrangements, would also have to be developed in these adopted fishing villages and in this matter the developed fisheries co-operatives could extend support to their counterparts.

International trade is another important area. India exports marine products worth about Rs. 3 billion per year. However, the share of fisheries co-operatives in those exports is negligible. This is mainly because of the lack of an export infrastructure with the fisheries co-operatives. I am aware that many countries in the region are exporting fish. With a view to ensuring increased export by fisheries co-operatives, it would be necessary that the co-operatives of exporting countries in the region do not compete with each other. It would be useful for the fisheries co-operatives of both exporting and importing countries in the region to sit together to work out a programme of international trade, and the fisheries co-operatives of the importing countries in the region should extend the necessary support to the fisheries co-operatives of exporting countries. Countries importing fish from this region are hoping that ICA may explore the possibility of arranging meetings between importing and exporting co-operatives so that fisheries co-operatives start getting their due share of international trade.

The list of areas where we can do something together may be further enlarged. But I feel that at this stage we may confine ourselves to the above areas of co-operative education of fishermen, training of personnel of fisheries co-operatives, adoption of fishing villages for overall improvement, and international trade and this may provide some practicable solutions whereby the national federations of fishermen's co-operatives may join hands to strengthen the movement and to raise the socio-economic conditions of their members.

# Co-operative Fisheries in Korea – Measures to Expand Demand and Stabilise Prices*

**by Dong Wong Lee,** President, National Federation of Fisheries Co-operatives

The Korean fisheries co-operative movement marked its 20th anniversary in 1982. The National Federation has 71 member fishery co-operatives (56 regional co-operatives), 13 business-type and 2 manufacturing co-operatives. There are 1,436 fishery societies at village level. Total turnover of the Federation in 1981 amounted to 922 billion Won (US $1.3 billion). The movement has made large investments in the Saemaul (new community) projects in the fishing communities, as part of its efforts to improve fishermen's incomes; it provides management consultancy services, as well as guidance on such subjects as safety precautions; a radio service; and an education and training programme; as well as carrying out research and surveys.

In order to reduce management costs for co-operatives, the Federation supplies fuel oil, gear and equipment, deals with marketing and sales, and tries to improve the quality of the product, mainly through the local fish marketing centres managed exclusively by fishery co-operatives. It also operates credit, banking, and mutual insurance services for its members.

In addition to these services, the Federation deals with processing, foreign trade, price support to cushion seasonal price fluctuations, and foreign loan business.

## I. The Fishing Industry in Korea

Fisheries industries in Korea have made remarkable progress under the four consecutive Five Year Plans for Economic Development, the first of which was launched in 1962. During the past 20 years the landing of marine products has grown sixfold, exports of marine products 88 times and the tonnage of the fishing fleet five times. In the fisheries structure of 1962, the coastal-offshore fisheries industry and the aquaculture industry accounted for 96 per cent and four per cent respectively. By 1981 the fisheries structure had changed and diversified, with coastal-offshore fisheries accounting for 54 per cent, aquaculture occupying 25 per cent, deep-sea fisheries 19 per cent and inland fresh water fisheries 2 per cent. The Korean fisheries industry has switched over to aquaculture, deep-sea and offshore fisheries in larger management units.

On the other hand, there have been many problems facing the fisheries industries. The coastal fishing grounds and aquaculture sea areas have been severely damaged by the establishment

* Background paper presented at the Plenary Meeting of the ICA Fisheries Committee, held in Rome, October 1982.

**Table 1. Changes in the Fishing Population**

| | 1967 | 1970* (% of 1967) | 1980* (% of 1967) |
|---|---|---|---|
| Fishing Household | 241,500 | 194,601 (80.6) | 156,934 (65.0) |
| Fishing Population | 1,447,012 | 1,165,232 (78.9) | 844,184 (58.3) |
| Average Number per Household | 6.12 | 5.99 | 5.38 |
| Number of Persons Engaged in Fisheries | 590,854 | 367,645 (62.2) | 388,666 (57.3) |

*Source: Fisheries Census

of industrial complexes and reclamation projects for the creation of arable land in the coastal areas. In addition, the fisheries resources in coastal and offshore fishing grounds have dwindled through inappropriate catch methods. In addition, the deep-sea fisheries industry has suffered from the 200 mile economic zones declared by the world's coastal countries. These adverse factors have combined to produce serious managerial difficulties in the Korean fisheries industries.

The landing of marine products in 1981 amounted to 2,812 thousand tons, showing an increase of 16.6 per cent over the previous year, and exports of marine products totalled 1,051 million US Dollars. The incomes of fishing households engaged in the coastal-offshore fisheries industry are below the income levels of farmers and workers in the urban areas. Total fishing household incomes in 1981, however, reached 304 million Won and this showed a nominal increase of 12 times over the past ten years.

## 1. The Fishing Population

At the end of 1981 the number of fishing households in Korea totalled 149,961. The number of self-employed fishing households stood at 129,734 or 86.5 per cent of total fishing households, and the number of fishing households engaged in employment ran at 20,227, accounting for 13.5 per cent of total fishing households. On the other hand, full-time fishing households numbered 25,303 (16.9 per cent) as against 124,658 part-time fishing households or 83.1 per cent of total fishing households.

The fishing population has been dwindling since 1967 as a natural result of the rapid industrialization in this country. In fact, the number of fishing households decreased from 241,500 in 1967 to 149,961 in 1981, a sharp drop of 37.9 per cent over four years. At the same time the fishing population has been reduced from 1,447,012 to 776,026 during the same period. (See Table 1.)

## 2. Fishing Fleet

At the end of 1981 the number of fishing boats numbered 80,500 with total tonnage of 781,582, and this showed an increase of 76.9 per cent in number, and a sharp rise of 383.3 per cent in tonnage compared with 1962. Tables 2 and 3 show the distribution between powered and non-powered vessels, with the considerable increase in motorization which has taken place since 1962, and the expansion generally of the fishing fleet.

## Table 2. Motorization Trends

| | | 1962 | 1972 | 1980 | 1981 |
|---|---|---|---|---|---|
| Total | Vessels | 45,504 | 67,679 | 77,574 | 80,500 |
| | Tonnage | 161,709 | 451,767 | 770,688 | 781,582 |
| | Average Tonnage | 3.55 | 6.68 | 9.94 | 9.71 |
| Powered | Vessels | 6,085 | 14,741 | 51,113 | 59,688 |
| | Tonnage | 80,105 | 366,844 | 740,266 | 757,468 |
| Non-Powered | Vessels | 39,419 | 52,938 | 26,461 | 20,812 |
| | Tonnage | 81,604 | 84,923 | 30,422 | 24,114 |
| Motorization Rate | Vessels | 13.37 | 21.78 | 66.90 | 74.10 |
| | Tonnage | 40.54 | 81.20 | 96.10 | 96.90 |

## Table 3. Fishing Fleet by Type

| | | 1972 | 1977 | 1978 | 1980 | 1981 |
|---|---|---|---|---|---|---|
| Total | Vessels | 67,679 | 66,506 | 74,556 | 77,574 | 80,500 |
| | Tonnage | 451,767 | 682,591 | 752,761 | 770,688 | 781,582 |
| Deep-Sea Fisheries | Vessels | 455 | 846 | 646 | 654 | 648 |
| | Tonnage | 159,290 | 332,410 | 310,509 | 317,639 | 322,799 |
| Coastal–Offshore Fisheries | Vessels | 66,493 | 65,186 | 73,280 | 76,379 | 79,285 |
| | Tonnage | 268,932 | 309,537 | 409,704 | 417,597 | 423,325 |
| Other Fisheries | Vessels | 731 | 474 | 630 | 541 | 567 |
| | Tonnage | 23,545 | 40,644 | 32,548 | 35,452 | 35,458 |

## Table 4. Tonnage Landed

| | 1967 | 1972 | 1977 | 1980 | 1981 | '81/'80 (%) | '81 (%) |
|---|---|---|---|---|---|---|---|
| Total | 750,349 | 1,343,569 | 2,421,273 | 2,410,346 | 2,811,914 | 116.7 | 100 |
| Coastal–Offshore | 708,978 | 1,118,276 | 1,799,460 | 1,912,911 | 2,229,422 | 116.5 | 79.3 |
| Deep-Sea | 40,484 | 224,135 | 595,927 | 458,209 | 542,357 | 118.4 | 19.3 |
| Fresh Water | 887 | 1,158 | 25,886 | 39,226 | 40,135 | 102.3 | 1.4 |

Unit: Tons

## Table 5. Total National Exports and Export of Marine Products

| | 1962 | 1967 | 1972 | 1977 | 1980 | 1981 |
|---|---|---|---|---|---|---|
| Total National Exports | 56.7 | 358.6 | 1,806.7 | 10,474.2 | 17,502.0 | 20,992.6 |
| Export of Marine Products | 12.3 | 57.5 | 152.5 | 703.1 | 875.4 | 1,050.8 |
| Percentage of Total | 21.7% | 16.0% | 8.4% | 6.7% | 5.0% | 5.0% |

Unit: Million US Dollars

### 3. Landing of Catches

Over 100 marine species are caught by Korean fishing boats engaged in coastal-offshore and deep-sea fishing, and consumption patterns have taken such diversified forms as live-fresh fish, frozen fish, canned fish, salted fish and salted-seasoned fish.

The weight of fish landed was distributed as shown in Table 4.

The output of processed marine products has been on the rise. The fisheries processing industry has undergone rapid expansion since the early 1970s owing to the nation's improved income level, the growing demand for sophisticated food and increased exports of processed marine products.

The output of processed marine products in 1981, excluding those from deep-sea fisheries, amounted to 482,578 tons and this was a rise of 31.5 per cent over the previous year and a six-fold expansion compared with 1967.

Since 1962, both landing and export of marine products have been largely expanded owing to the successful implementation of the four Five Year Plans for Economic Development. The exports in marine products showed an average annual expansion of 27 per cent during the ten years from 1971 to 1980.

In 1981 the exports in marine products broke the one billion US Dollars barrier for the first time, and this was largely attributable to increased production in the aquaculture industry and expanded shipment of processed products from that industry. (See Table 5.)

### 4. Demand and Supply

The demand for marine products has been almost met by Korean fishing vessels.

On the supply side the landing of marine products increased steadily between 1960 and 1977, although the catch decreased after 1977 due to stagnation in the deep-sea fisheries industry. In spite of this trend, the year 1981 marked a record high catch of 2,812 thousand tons. Marine products, however, are very vulnerable. They are subject to uncertainty in the catch, simultaneous mass landing, high rate of wastage, too great diversification in quality by species, and producers' weakness in trading their products. In fact, these factors have hampered the stable supply of marine products.

On the demand side, marine products have not been regarded as a staple food, and there is strong competition depending on the consumers' inclinations. In addition, demand varies considerably according to fluctuations in fish prices. All this causes difficulties in marketing.

As can be seen from Table 6 in 1981 the supply of marine products including imports amounted to 2,860 thousand tons, of which 731 thousand tons were shipped to the foreign markets and 2,129 thousand tons were consumed locally. These figures showed a rise of 5.0 per cent in export and 21.3 per cent in local consumption over the previous year. Thus, Korea has a high self-sufficiency rate, production being 143 per cent of demand in 1979 and 132 per cent in 1980. In short, it can be said that the landing of marine products by national fishing boats has sufficient capacity to meet domestic demand.

In the supply of protein food to the nation, the proportion of grain, a staple food, has been decreasing since 1972 and the proportion of marine products had increased by 1977, since when it has remained steady. In short, this shows that marine products make an important contribution to the nation's diet.

The consumption of marine products has also increased as the population

**Table 6. Demand and Supply of Marine Products**

| | | 1978 | 1979 | 1980 | 1981 | '81/'80 (%) |
|---|---|---|---|---|---|---|
| Supply | Production | 2,354 (97.8) | 2,422 (97.7) | 2,411 (98.3) | 2,812 (98.3) | 16.6 |
| | Import | 54 (2.2) | 56 (2.3) | 41 (1.7) | 48 (1.7) | 17.1 |
| Total | | 2,408 (100.0) | 2,478 (100.0) | 2,452 (100.0) | 2,860 (100.0) | 16.6 |
| Demand | Local Consumption | 1,711 (71.1) | 1,690 (68.2) | 1,756 (71.6) | 2,129 (74.4) | 21.2 |
| | Export | 697 (28.9) | 788 (31.8) | 696 (28.4) | 731 (25.6) | |
| Per Capita Consumption (kg) | | 46.2 | 45.0 | 46.0 | 55.0 | |

Unit: 1,000 tons

grows and living standards improve. At the same time, consumption patterns have changed, showing a trend away from live or fresh fish to a processed form. The consumption structure in marine products in 1981 showed 45.5 per cent in the form of live or fresh fish and 54.5 per cent in the processed form, thus indicating the rising proportion of processed marine products. (See Table 7.)

### 5. Prospects for Demand and Supply of Marine Products

During the past 20 years the nation's dietary pattern has changed to a large extent as incomes improved and consumers demanded more sophisticated food. This has accelerated the development of the processing industry in marine products.

The consumption of marine products depends mainly on economic factors, as follows:

Marine products are the major food item supplying animal protein to the nation.

Firstly, marine products are subject to fluctuating demand depending on the size of the population. In fact, the demand for food fluctuates according to the size of the population, sex, age and education, and at the same time the demand for processed food varies slightly according to age and education.

Secondly, due to rapid economic growth, the industrial structure changed and the income level improved, and the

**Table 7. Distribution in Consumption of Marine Products**

| | 1980 | | 1981 | |
|---|---|---|---|---|
| | Quantity | Percentage | Quantity | Percentage |
| Total Supply | 1,952,137 | 100.0 | 2,269,557 | 100.0 |
| Live or Fresh | 954,457 | 48.9 | 1,032,832 | 45.5 |
| Processed | 997,680 | 51.1 | 1,236,725 | 54.5 |

Unit: Tons

demand for food is affected more by income level than population size. If the improvement in incomes surpasses a certain level, the dietary structure will show a change in quality. In other words, if incomes are greatly improved owing to rapid economic development, the demand for animal protein increases.

According to the forecast produced by the Korean Development Institute, the consumption of grain will drop sharply and demand for animal protein food will greatly expand. The forecast indicated that the demand for marine products in 1991 would be over five million tons, twice the amount currently landed.

Thirdly, the demand for marine products showed considerable increase during the period 1966-82. During this period the demand for domestic consumption rose 407 per cent and the demand for export expanded by 912 per cent.

Fourthly, in general, price increases tend to restrict demand. Demand, however, depends not only on price, but also on economic and non-economic factors, including incomes.

Fifthly, during the past 20 years, the country has made remarkable economic progress, and this has resulted in a mass migration from the rural areas to urban areas, and this trend has affected the food consumption structure. In busy lives in the urban areas, they demand more convenience and processed food.

Certain non-economic factors affecting the consumption structure of marine products are: changes in family composition, changes in the women's views on value, sanitation, education and culture.

**6. Promotion of Consumption**

The diet in Korea has become diversified owing to rapid economic development, and is in process of switching from quantity to quality. In fact, the intake of animal protein is below that recommended by the WHO. Therefore, the consumption pattern of marine products should be changed over from the live or fresh form to the processed form, and this country should accelerate the development of processing industries for marine products. As mentioned above, out of 2,860 million tons of marine products 731 thousand tons were shipped to foreign markets and the remaining 2,129 thousand tons were consumed locally, recording an annual per capita consumption of 55kg.

In 1981 a total of 482 thousand tons of marine products were processed; frozen products accounted for 50 per cent and the remainder were canned, salted-seasoned, and salted seaweeds. Since frozen products are simply fish frozen at the refrigeration plants, they cannot be regarded as processed. Currently, processed marine products remain at 55 per cent of the total consumed locally, and the government has placed emphasis on a stable supply of materials for processing purposes, upgrading the quality of the processed products, expansion of consumption and modernization of processing facilities. By this means it is planned to raise the processing rate from the current 55 per cent to 64 per cent by 1986.

On the other hand, as part of efforts to encourage the consumption of marine products, the fisheries co-operatives have conducted public relations activities using the mass media. In addition, the fisheries co-operatives have exerted their efforts to exploit such mass consuming organizations as the armed forces and industrial complexes.

Besides these, the Federation opened an exhibition centre displaying 62 items

of processed marine products in Seoul in April 1982, to encourage the consumption of processed marine products in this country. As part of efforts to develop new items of processed products, research activities will be expanded and the introduction of processing know-how from foreign countries will be actively promoted. In addition, the government plans to make an investment of 47.9 billion Won during the period 1982-86 for the establishment of facilities required for processing marine products. Under this plan the required raw materials for processing in 1986 will stand at 1,549 thousand tons and the processed products will reach 638 thousand tons in the same year.

## II. Price Stabilization of Marine Products

The living standard of fishing households has lagged far behind that of farm and urban households, and this gap will widen as long as the government declines to intervene.

In 1981 the average income level of fishing households stood at 3,042 thousand Won and this was far below the 3,688 thousand Won earned by a farm household and the 3,817 thousand Won attained by the urban household. The income of fishing households depends decisively on the output of marine products and the prices obtained; in the short term, however, the price has more importance.

Marine products are caught and supplied by large numbers of fishermen, and in the peak fishing season the mass landing of specific products causes the fishermen's sale price to drop below the production cost.

In order to prevent this situation, the Korean fisheries co-operatives operate the price support and buffer stock schemes commissioned by the government. In other words, these schemes have been primarily designed to ensure the fishermen's production costs, and at the same time to cushion price fluctuations, thereby contributing to a stable price for the consumer.

### 1. Government's Buffer Stock Scheme

The government's buffer stock scheme has been regarded as one of the most positive factors in stabilizing the price of marine products. It is intended to cushion price fluctuations in marine products throughout the year and is carried out by the fisheries co-operatives at the request of the government. In the peak fishing season, the mass-landed marine products are purchased by the fisheries co-operatives and stored in refrigeration facilities or warehouses managed by them, and in the peak demand season they are released to the local markets, thereby stabilizing the fish price for the consumer.

Marine products for which there is a high demand come under this scheme, namely sea-laver, yellow seaweed, dried anchovy, dried squid and dried pollack. In managing this scheme the selection of items, purchase and sale prices, are subject to the government. In other words, the scheme is under the government's full control. Since 1971 the scheme has steadily expanded and the business covered in 1981 stood at 1,971 million Won.

### 2. Price Support Scheme

The Korean fisheries co-operatives have

been engaged in the price support scheme since 1975, which is primarily designed to ensure the fishermen's production costs.

The National Federation of Fisheries Co-operatives and its member fisheries co-operatives participate in this scheme, and the Federation provides its member fisheries co-operatives with the managerial consultants and funds required for its operation. About 20 fish species are subject to the scheme, including hair-tail, saury, squid and Alaska pollack. Purchases are made at the consignment sale stations by participating in the auction, and direct purchases from merchants are prohibited.

In making purchases under this scheme, the President of the Federation or the chiefs of the fisheries co-operatives decide the ceiling price level, and the purchase is usually made below the ceiling price level thus fixed. In cases where the fish price at the consignment sale stations surpasses the ceiling price level, no purchases are made under the scheme.

The marine products thus purchased are stored in the refrigeration facilities or warehouses managed by the Federation or its member fisheries co-operatives, and are released when the market price is suitable. The release of the stored products is made through auctions at the Federation's inland fish wholesale marketing centres and the private fish wholesale markets located in the big consuming cities. In addition, the stored products are supplied to the processing industries and also to the armed forces.

In 1981 total business under this scheme amounted to 14,936 million Won with 37,536 tons in quantity. In fact, this amounted to only 7.9 per cent of marine products covered by the scheme, and it is planned to raise this to 20 per cent by 1986.

# The Long-Range Impact of International Co-operative Development – an American View*

**by Wallace J. Campbell,** ICA Representative with the United Nations in New York and President of CARE

## Co-operative Economic Power

It is interesting that a recent study by Dr Raymond Goldberg of Harvard University pointed out that 20 per cent of all farmers in the world are members of co-operatives. Another pointer: the World Council of Credit Unions now has 70 million members in 64 countries, with assets totalling the equivalent of 85 billion US dollars.

There are more credit unions in the United States than units of any other financial institution – roughly 24,000, compared with 14,000 commercial banks, 7,000 savings and loan institutions, and 1,000 mutual savings banks. The credit unions in the United States with 40 million members make up a very substantial part of the financial structure of the country.

Looking at another aspect of this overall picture: there are now seven co-operatives in the *Fortune* list of the 500 largest industrial corporations in the United States. *Fortune* also has a second list of 500, making 1,000 corporations. In these 1,000, there are 12 co-operative associations. The assets of these 12 corporations are estimated at $24 billion and together make-up a substantial part of the large scale industrial section of America.

In the agricultural field, the Farm Credit System which started in 1917, with US government capital, is now a completely independent institution. All the government's initial capital has been repaid. The System elects its own directors and officers with the exception of the Federal Farm Credit Board, 12 of whom are appointed by the President of the United States and the thirteenth member by the Secretary of Agriculture.

This co-operatively owned system includes the Intermediate Credit Banks, the Land Banks and the Banks for Co-operatives of which there are twelve regional banks and the Central Bank for Co-operatives with headquarters in Denver.

The Farm Credit System is the largest borrower in Wall Street outside the Federal government itself, and its obligations are looked upon as among the best of the prime investments available to individuals, corporations and other institutions in the United States. Assets of the System are estimated at $11.2 billion.

* From an Address delivered at the International Co-operative Day Seminar, Washington DC, USA, 5th October 1982.

There is also a network of financial co-operatives. The largest of these are the co-operative insurance companies. These include the Nationwide family of insurance organizations with headquarters in Columbus, Ohio. The Nationwide organizations, their affiliates and subsidiaries have assets of $14 billion.

Other co-operative insurance companies in the United States, in addition to Nationwide, include CUNA Mutual which has a vast network of insurance services for members of credit unions in the United States and abroad. The League Insurance Companies in Michigan were built around League Life and the Michigan Credit Union League. Mutual Service Insurance Companies with headquarters in St Paul grew from the merger of five co-operative insurance companies. Farmland Mutual Insurance Companies were organized by Farmland Industries and recently became part of the Nationwide system. There are several other co-operative insurance companies and a host of small mutual fire insurance companies, organized by farmers in the early years of this century.

The US insurance co-operatives are part of the International Co-operative Alliance Committee on Insurance. A Reinsurance Bureau is now located in Detroit, Michigan, at the home of League Life Insurance Companies. The insurance companies around the world, as members of this insurance federation, share the risks on all their larger coverages to provide a sound and dependable system of international insurance. The Insurance Development Bureau, with headquarters in Stockholm, assists in the development of co-operative insurance companies in less developed countries.

Co-operative banks in Europe include the Caisse Nationale de Crédit Agricole in Paris, the Rabobank in the Netherlands, the Deutsche Genossenschaftsbank and the Bank für Gemeinwirtschaft in the Federal Republic of Germany. The two German co-operative banks are among the largest half-dozen banks in that country. The Co-operative Bank, Ltd., owned by the Co-operative Wholesale Society in Great Britain now has branches in each of the major co-operative supermarkets in Great Britain, giving it some 500 branch offices around the United Kingdom. These banks work with the International Co-operative Bank in Basel, Switzerland. The International Co-operative Bank has not yet lived up to the hopes and dreams of the founders, which include Nationwide Insurance here in the United States, but it could be the base for substantial expansion.

The investments on the part of co-operatives and co-operators are very substantial. There are, for example, co-operative housing organizations in 27 different countries. An estimated eight million homes are owned by co-operative members associated with the ICA Housing Committee. The value of the homes is roughly estimated at something over $20 billion.

## International Development

The outreach of the co-operatives in international development is a long-standing development beginning, in its current stage, at the close of World War II. Shortly after that, the US co-operatives took a leadership role in the development of *Co-operative for American Remittances to Europe* popularly known as CARE. This was one of several ventures sponsored by the US co-operatives to help rebuild the co-operatives in Europe. The CARE organization has now distributed about $3 billion worth of commodities overseas.

While CARE started as a relief organization, under the influence of Murray Lincoln, president of the Co-operative League of the USA who was also president of CARE, it moved rapidly into the self-help field providing tools with which people could help themselves to rebuild their homes in Western Europe. This led to other types of self-help and eventually to helping people help themselves by helping each other, which is a very nice way of saying "co-operatives". CARE spends about $25 million a year for these self-help developments.

In 1954, the Congress adopted what we now know as **Public Law 480 (PL 480)** which established the principle of use of American agricultural abundance overseas for relief, rehabilitation and development. This, in its later stage, has led to co-operative and industrial development in India sponsored by the Co-operative League of the USA using commodities coming under this law.

In the 1950s, the Credit Union National Association launched a drive to develop credit units in the Caribbean area as a first step, and the Co-operative League of the USA followed that shortly by helping to organize a co-operative federation of the Caribbean.

By the mid 1950s, the Co-operative League had established an office in New Delhi to assist in the development of co-operatives in that country and in Southeast Asia.

By 1960, Paul Hoffman had taken the dramatic step of moving into the UN Development Programme and establishing the procedure of making feasibility studies as the basis for industrial development funded by the World Bank and by other institutions. Often these institutions had hesitated to make loans without prime and effective feasibility studies for industrial, agricultural and other developments.

## Developing Countries

In 1961, the great move forward was the Humphrey amendment sponsored by the late former vice president, Hubert Humphrey, which opened the way for US AID to help fund the work of American co-operative organizations in the development of co-operatives in the less developed countries. The Humphrey amendment opened the door for co-operatives, including credit unions, to undertake development overseas with reimbursement by AID for the cost of those development programmes. There are now seven national organizations working effectively with US AID on international development. In alphabetical order, they are: the Agricultural Co-operative Development International (ACDI), the Co-operative for American Relief Everywhere (CARE), the Co-operative Housing Foundation (CHF), the Co-operative League of the USA (CLUSA), the Credit Union National Association (CUNA), the National Rural Electric Co-operative Association (NRECA), and the Volunteer Development Corps (VDC). CUNA is working through the World Council of Credit Unions.

These seven organizations together serve in the development field in about 60 countries around the globe. There is a higher concentration in some countries. In others, perhaps one organization alone is responsible for what small development programmes there are in that particular country. Egypt seems to be the current concentration of effort with CLUSA, CUNA, NRECA, CHF, ACDI and CARE all having programmes in that country.

The gross amount of funding for these programmes runs at about $12 million a year. The bulk of this comes from US AID. There are also contracts in force with the World Bank, the UN Develop-

ment Programme, the InterAmerican Development Bank and others; the private contributions which are made towards the work of the development programme are relatively small in cash but very large in terms of contributed time and effort and experience which goes into these programmes.

We have no way of measuring yet the full impact in the development field overseas, but a couple of illustrations may help. The Indian Farmers' fertilizer co-operative (IFFCO) probably still holds the record as the largest capital investment in a co-operative development programme. This one ran at about $112 million and developed a complex of fertilizer production facilities that have cut the cost of currency for fertilizer purchases by the government of India very substantially and have increased production of food stuffs in India by an immeasurable amount. Perhaps someday somebody will find a way to measure the impact there. A similar programme launched for the farmer co-operatives in India – a programme of oilseeds production, processing and distribution – is also very large. It involves about $100 million worth of PL 480 commodities which were converted into cash for the development of about 8,000 co-operatives in the production of soya beans and other oil producing commodities.

Another illustration, the Co-operative Housing Foundation has developed about 40,000 units of low cost self-help co-operative housing in a dozen countries in Latin America and Africa. It is difficult to estimate the value of the homes built under this programme but if they were only worth $2,500 each on average, this would be $100 million worth of new co-operative housing.

The credit unions in Latin America, through their organization COLAC, have loaned an estimated $40 million for productive purposes through credit unions organized under the AID programme for the World Council of Credit Unions and CUNA.

The electric co-operatives have electrified more than 1 million homes under the AID financed technical assistance programme conducted by NRECA. The number is probably higher by this time since the World Bank and UNDP have also called in the expertise of NRECA to assist in rural electrification in a number of other countries.

It is unfortunately not possible to put a dollar value on the projects undertaken by ACDI and the Volunteer Development Corps, as figures have not been published.

CARE, as a co-operative organization active in the development field, spends $12 or $13 million a year in self-help and co-operative productive enterprises. How much impact these have had, measurable in US dollars, would again be difficult to appraise, but the impact has been substantial.

To return to PL 480 and the use of American commodities abroad, I know that CARE has handled almost $2 billion worth of these commodities in school lunch programmes, pre-school feeding programmes, food for work programmes and other productive enterprises since 1954. There is a new move to use food for capital and these projects are still in the formative stage. In the meantime, however, the American agricultural situation has returned to about where it was in 1954. We have enormous surpluses and an incentive to try to move out into a more dramatic use of these commodities. The old section 416 under which dairy products held by the Commodity Credit Corporation could move out through the private voluntary organizations is ripe for additional treatment. The authority under 416 should be expanded to include wheat,

oats, corn, soya beans and other commodities which are in such abundant supply. Where we can go with this programme is difficult to estimate, but it is part of the possibilities we see ahead.

## Trade Among Co-operatives

Even more important in the long run than technical assistance may be trade among the co-operatives of the world. There has been trade of this kind for many, many years. Sales of co-operative products from the citrus groves of Florida and California to consumer co-operatives in Britain, France, Germany and other places, however, have been small. The most dramatic single move was in the petroleum field when Howard Cowden, then the chief executive officer of CCA, now Farmland Industries, initiated the International Co-operative Petroleum Association (ICPA). This organization, with headquarters in New Jersey, is now supplying lubricating oil, greases and other oil commodities to co-operatives in 20 or more countries. The ICPA has stimulated the development of very large petroleum distribution enterprises in the Scandinavian countries, in India, Sri Lanka, Egypt, Israel and a number of other countries. The volume is not as big as it should be because the commodities in multilateral trade are comparably small. The petroleum for gasoline distribution is handled on a bilateral basis, and so those commodities are not measurable as part of ICPA. The Scandinavian Oil Co-operative, known by its initials OK, is one of the major petroleum operations of that area.

In terms of volume, the trade from American agricultural co-operatives to co-operatives in other parts of the world has very great potential. It was not until last year that the Congress authorized Farm Credit Administration, and specifically the Central Bank for Co-operatives, to finance international trade among co-operatives in addition to the financing for co-operative enterprises throughout rural America. With this financial backing, the co-operatives have moved to further exploration of the potential in the field. The Co-operative League of the USA took the initiative in organizing a series of trade conferences: one in New York in 1978, one in Moscow in 1980, and the third in Cairo, Egypt in November 1982.

## Room for More Export Development

The marketing co-operatives in the United States handle the great bulk of commodities as they come off the farms into the domestic market. An estimate shows that as much as 70 per cent of these commodities are handled by the co-operatives. Only 40 per cent of these commodities are shipped by the co-operatives to ports of export, and only 9 per cent of the commodities are handled in the international market by co-operatives. Usually the co-operative takes the easy way out and sells to Bunge, Cargill, Continental or one of the other big multinational trading corporations. There is an incentive to take another look at marketing internationally and several of the US organizations are taking the initiative in this field.

In the field of international finance, we need a comprehensive study which will put together all information about these co-operative financial institutions and how they could best work together. The opportunities are great, and the resources are probably available if we can do comprehensive feasibility studies and outline programmes which will eventually pay their own way. These are some of the criteria we must

have as we move ahead; but the job in the international trade field is not easy. The field includes the following: international trade, international development, international petroleum, international fertilizer and other joint ventures among the co-operatives. Beyond those are food processing, manufacture of tools and equipment, further manufacture in the fields of consumer commodities and appliances, and so forth.

Howard Cowden, whom I mentioned before, said, "Factories are free" – if the people mobilize their resources to use the products of those factories. His inspiration should be examined again. All of us, have an opportunity and a responsibility to play a role in the broad perspective of international development tomorrow.

# THE WORLD OF COLLECTIVES

## SOME NEW STYLE SEMI-CO-OPERATIVE ACTIVIST ORGANISATIONS

by David Klugman

WHAT do bread, cheese, taxis, solar heating, books, restaurants and basic food have in common? The link is the motivation of some members of the younger generation, who seek constructive outlets to their rages and frustrations by channelling their energies into supplying goods and services in an egalitarian, people-oriented setting, a "collective".

Just as the "organisation man" symbolises the corporate conformist, so the "new-wave co-operator" symbolises the alternative approach to society's ills, without hierarchy, human exploitation or profit as the sole motivation, with decisions reached by vote or consensus. Some collectives are winning the battle for survival, others have bit the dust, torn by strife or unwise decisions.

The San Francisco metropolitan area of about 5 million has spawned a number of collectives, ranging from Arts (Dance, Galleries, Theatre, Poetry) to Women Carpenters, with Bookstores, Printing, Groceries, Restaurants, Health and Legal Counselling in-between. Here are some of them:

### The Talking Bread

The Uprisings Bakery is a collective, owned and controlled by its 15 workers. Started in 1975 with a capital of $100, the bakery sells 80% of its production wholesale, to the big Consumers Cooperative of Berkeley among others.

Politically engaged in terms of civil rights, women's and lesbians' rights, anti-nuclear energy, support of assorted causes world-wide, the collective uses bread and cookies* to spread its messages, printing them on the wrappings, hence the "Talking Bread".

Two vans make 75 deliveries a week. Uprisings bakes 12 kinds of bread (600 loaves per day), 6 kinds of cookies (100 bags per week) and 3 kinds of muffins. One kind of cookies carries the brand-name of "Aunti Nuke's Nuggets".

The collective averages sales of $25,000 per month. A percentage of the proceeds is set aside in favour of the anti-nuclear movement. The members, who started by earning $1.50 per hour, now pay themselves $5.00.

The name Uprisings Bakery is meant to combine a political idea with a practical one. Uprisings is one among fifty bakeries of the Whole Grain Collective Bakers International located in the USA and in Canada.

A collective requires self-discipline. At Uprisings some members, burned-out from the big effort at low pay, have left, some tend to be lax, a burden to others.

Using baked goods as a political medium is an innovation. The collective maintains high standards, using only

* biscuits in England

natural, unadulterated flours, real fruits, nuts and vegetables.

The members feel a sense of personal freedom and, through their baking, tend to identify with community concerns. The community returns the compliment. A blown-up loan cheque from the Co-op Bank decorates one wall, proving that contributions work both ways.

## Anti-Nuclear Cheese

In 1967 a jolly, bearded Armenian and his wife launched a tiny cheese store, The Cheeseboard, on the fringes of the Berkeley campus of the University of California. It was the first cheese store in the area. In 1971 they sold the store to employees, staying on as co-equals.

Currently there are 16 working owners, men and women, ranging in age from 25 to 72. All work 20 to 36 hours per week, paying themselves $9 per hour. They sell 1 to 2 tons of cheese weekly and up to 1,400 loaves of bread. In 1981 they grossed $750,000.

Members meet once a month and reach around 25 decisions in 2½ to 3 hours' discussion, basically by consensus. The members like the relaxed atmosphere and place a strong emphasis on causes, mainly the anti-nuclear one. A huge sign to that effect covers half of the store's plate-glass. Surplus income also supports American Indians, El Salvador guerillas, the California Water Project, the San Francisco Mime Troupe (a collective), the Equal Rights for Women Amendment to the US Constitution, Abortion, Rent Control and the Women's Philharmonic.

Elderly shoppers are granted discounts, ranging from 10% at age 60 to 100% at age 100. The handicapped receive a 10% discount.

The Cheeseboard abides by these iron rules:

– No management – Equal wages for all, kept low on purpose – Part of the surplus to be contributed to others.

New members must pass muster by the older ones and contribute 40 hours as an entry fee.

The collective makes low-interest loans to members, to other collectives and co-ops, to book researchers and publishers. Some have not repaid.

Among the members are activists and artists, among the customers are university people. This creates a bond of loyalty between shoppers and store. The collective feels comfortable and has no wish to expand. They recognise the limitations inherent in this type of enterprise, due to the dynamics of interpersonal relationships. There has even been a case of theft by a member. Yet, masters of their own ship, they sail purposefully along, often agreeing to disagree among themselves.

## Psychedelic Taxis

Imagine taxis, painted in psychedelic colours, providing free rides to hitchhikers, rushing over-dose cases or wounded student demonstrators to hospitals, and you will have an idea of Taxi Unlimited. Launched as a consumer-owned co-op in Berkeley in 1961, Taxi Unlimited became a collective in 1965, surviving despite the turbulent student-police confrontation years of the 1960s and 70s, when insurance coverage was difficult.

Currently there are 15-20 members (plus 2 dogs and 1 cat), operating 4 cabs in a state of organised confusion.

Cabbies are independent the world over, especially so at Taxi Unlimited, where some tend not to do their share.

The collective works out of a dilapidated office, which at times serves as dormitory. Anarchy and efficiency cannot co-exist without stresses. Still, some

members have persevered, serving up to 16 years. The collective is made up equally of women and men. Race or life-style discrimination does not exist.

Taxi Unlimited provides a community-based, non-profit transport alternative, a creative taxi, ambulance and delivery resource.

## Solar Heating

The Solar Center in San Francisco was started in 1977 by five people to provide solar heating systems. Currently there are 25 member-owners. New members invest $3,000, contributing 2½% of their salary over a 12-month probationary period. That amount goes into a trust account.

One installation, worth over half a million dollars, was undertaken at the huge, attractive St Francis Housing Co-op, sponsored by the Longshoremen's (Dockworkers') Union.

At Solar Center the day-to-day decision-making is handled by professionals. An elected executive group of four meets twice a month to review operations, while basic decisions are reached at retreats for all, every 6 to 8 months. Such decisions are by consensus, defined as that situation in which no remains resolute NO. If consensus cannot be reached, the group attempts to re-think all issues. If there is agreement that, in fact, all the issues have been debated, then the issue goes to vote with a two-thirds majority prevailing. If the group cannot reach a consensus of the fact that all relevant aspects have been fully discussed, then further research is assigned and the issue is re-scheduled for additional debate at a later date.

Unrelated to the co-operative structure of the enterprise are the sales/marketing and government regulatory problems, which any business faces.

## "Cooperative Connections"

"Cooperative Connections" is a campus-based co-op at the University of California in Berkeley. It all started in 1980 as a class entitled "Education for Democratic Action", supervised by a professor and carrying credit, in order to teach the "people before profit" theory. The class led to a buying club and opened its doors as a consumers co-op on 2 February, 1982.

There are 160 paid-up members, mostly students, with some faculty and ex-students, of whom one third to one half perform active work. One part-time staff member draws a salary. The co-op is located in the basement of the Student Union Building. It pays a nominal rent and no utilities. The Student Union capitalised the equipment and The Cheeseboard provided a $3,000 start-up loan for inventory. The loan is being repaid.

The co-op, selling produce, groceries and dairy products, is viewed as an educational tool, gradually turning into a business. Students often make small purchases, loading them on bikes. The co-op is a friendly meeting place, despite its postage-stamp size. Due to Berkeley's alternative atmosphere, working 4 hours a month at the co-op is "in". Many work much more. Dues are $5 upon joining and $5 a year thereafter. The monthly volume is about $5,000.

Initial enthusiasm was followed by burn-out for some, while others feel confident of growing and expanding with the co-op. There is a possiblity of securing a university-owned plot to grow organic food.

## Collectives

These examples point to the anomaly of collectives in a bureacratic world. They

are decentralised, they encourage spontaneity, they seek, but do not worship profit. This creates a built-in dilemma: When all are in charge, no one is. When skills are scorned, the enterprise falters. Bills cannot be paid with romanticism. However, with common sense and flexibility, collectives follow in the path of co-op pioneers by bringing decency into the marketplace, for "it is better to light a candle than to curse the darkness".

# EXIT, VOICE AND LOYALTY

*Reprinted from Coop Marketing and Management (UK)*
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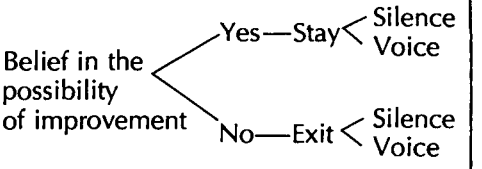
WHEN the customers and members of a co-operative society are faced with deteriorating performance they can either **exit** or **voice.** The emphasis has generally been on exit for customers who cease to purchase from the society and less frequently for members to leave it. However, there is the second general response of voice, where customers and members express their dissatisfaction to the managers or to some authority to which the management is subordinate – **the normal market forces are supplemented by a political dimension.**

Faced with this combination of market and political forces management must itself respond. Clearly the demands of customers and members are only one strand among many affecting management behaviour, which is concerned with maintaining power and protecting managerial prerogative against encroachment. The decline in performance by a society is likely to be relative and result from the growth of new competition which provides a high quality of product or service, or lower prices, or from innovations which occur in established firms, with the same result for the society: again management must respond or go under.

**What we have is a range of choices for customers, members and managers.**

If the customers and members believe that society performance can and will improve, that the quality of goods, services and the level of prices can be adjusted to their expectations they may stay, if not they will leave the society – they will exit. The other possibility is that they remain silent or protesting.




Exit from a deteriorating society is one response open to dissatisfied customers and members – they stop buying, they resign from the society. The consequence of taking this path of least resistance has major consequences, the society's revenue drops and/or its membership drops.

Most of those who leave do so silently but some exit using voice, trying to convince others in the society to join them or appealing to managers to correct the faults. Hopefully this leads to a search for means of correcting the deficiencies, though not all managers are alert enough to perceive what is immediately happening. If they are alert they concentrate on the loss of customers rather than members, thus emphasising the split between economic and social considerations.

Some members and customers will remain with a declining society and choose either to voice their complaints or to remain silent – the latter do nothing. The 'do nothing' response is probably the most common among co-operative members and some customers. Exit or voice on the part of

members requires a minimal degree of effort, whereas doing nothing is the final apathy.

**This lack of response may be due to feelings of loyalty, withdrawal, or the lack of ways of expressing combined dissent.**

What we tend to get in co-operative societies is an overwhelming category of members who remain members but who exit as customers. The millions of members represent a ghost army, unlikely in present conditions to be awakened from their apathy.

Faced with the 'do nothing' members and customers, managers obtain freedom from constraint and staying silent becomes the standard against which managers judge vocal responses by the discontented. Given the many demands made upon them and backed by a large proportion of 'do nothing' members, managers may well resist the demand for responsiveness implicit in exit or voice.

## Rightness

More generally managerial unresponsiveness arises, firstly, from the fact that they simply do not perceive exit or voice as a problem because of their own loyalty to their society; their belief in their own rightness; and the existence of communication gaps between them and their subordinates. It is to these reasons that we must look for explanations of the frequent co-operative failure to respond to shifting market developments.

Secondly, managers may recognise a problem but fail to respond because of a lack of perceived alternatives, a shortage of resources, or because of the ease of manipulating customers and members – though the possibility of doing the former is much less likely than achieving the latter.

At this stage the significance of loyalty becomes clear. **The greater the loyalty of management the greater the likelihood that their perceptions are distorted in ways that support the society but with consequences that are ultimately disastrous. Their commitment to themselves may have the same unfortunate results.**

Communication gaps between the levels of the society may prevent information about exit and voice reaching those with the power to respond – employees may fail to pass on information because of loyalty to their immediate superiors, fear of losing their jobs or because of poor communication channels.

## Sensitivity

However, there is the possibility that some managers recognise the deterioration but fail to respond positively. Managerial sensitivity to customer exit, once perceived, varies according to the customers' access to alternatives and their responsiveness to appeals to loyalty. Where customers have little choice, either through lack of competitive alternatives or loyalty, voicing dissatisfaction is the only way to comment upon poor performance.

Sensitivity to voice depends upon management's perception of the answers to two questions, will voice lead ultimately to exit, or if exit is impossible, will voice escalate and interfere with management's essential activities?

If loyalty inhibits exit and allows time for voice to develop then we would expect the most loyal customers and members to be among those who protest at declining performance, the less loyal choosing to exit or 'do nothing'. Thus managers face a dilemma in achieving a balance between loyalty and voice, increased loyalty means an

increased number of persons possibly willing and motivated to use their voices rather than exit.

**What managers seek is loyalty to their régime rather than loyalty to the 'higher values' embodied in the original ideals of the society.**

Of course, loyalty, instead of encouraging voice, may cloud customers' and members' views and lead them into an uncritical acceptance of what needs improving. Managers can play upon this possibility by promoting identification with and commitment to the society, and to ensure tolerance of inefficient performance. Members may have difficulty separating loyalty to the present society from what it originally stood for and managers may indeed blur the distinction between the two kinds of loyalty.

To the extent that such manipulation is successful, the threat of voice or exit by long-established members is lessened and managers achieve the quiet life they are seeking. The loss of loyalty is frequently lamented but what is really being mourned is the loss of unquestioning loyalty.

One of the means of achieving managerial security is through the manipulation of communications. Individual complaints are easier to handle than aggregated ones, so that barriers to communication which isolate the dissatisfired are important means of checking the effectiveness of voice. Voice often loses out to exit as its effectiveness depends upon discovering ways of exerting influence in the society and these may be obstructed by the size of the society and the difficulty of assembly.

Where it is easy to assemble voice is more likely to be heard; where it is difficult fewer will turn up and fewer will express themselves.

To reduce the likelihood of communication between dissatisfied persons, managers can seek to channel loyalty into a commitment to the *status quo*.

In large societies individuals perceive the marginal value of their contribution to the success of a protest – their role is minor, and so they find it more rational to sit back and collect the benefits of others' actions on their behalf. The problem arises when the 'others' are unrepresentative or non-existent.

If the dissatisfied feel that their attempts to express voice are thwarted, they may exit to other organisations where their voice can be heard or, if they retain some desire to influence the society, appeal to outside groups to gain support in order to make a more powerful impact upon the society.

**The relationship of exit, voice and loyalty of members and customers is an important aspect of society behaviour, fraught with implications for management.** It is influenced by managerial decisions to improve performance and by managerial ability to manipulate exit and voice to produce an arena in which management can operate without undue hindrance.

**T.E.S.**

# Book Review

## DEMOCRACY IN CO-OPERATIVE MOVEMENT – *An Indian Profile*

**by Dr R. C. Dwivedi**

Published by National Co-operative Union of India, 3 Siri Institutional Area, Panchila Marg (behind Hauz Khas), New Delhi – 110016 – India.
Price: US $8.

It is not often that a chief executive of a large National Co-operative Union takes up his pen and writes during his working life what he believes in and works for.

Dr Dwivedi, as one deeply rooted in the history of his great country, the largest democracy on earth, has done exactly that.

He writes as he lives, in great humility, yet with the wisdom of a great teacher, deeply involved in all aspects of India's Co-operative needs, be it as vice-chairman of the National Council for Co-operative Training, or as chief editor of the excellent Indian *Co-operative Review* and the *Law Review*.

"Democracy in Co-operative Movement" was the result of his 16 years' experience as administrator, teacher and researcher. The first copy of his book was released by his Prime Minister, Smt. Indira Gandhi, on the occasion of the 9th Indian Co-operative Congress in April, 1982.

The book truly throws a spotlight on the great divergence between precept and practice which have caused untold difficulties for the free flowing of democracy in India's co-operative sector. I am sure he has asked the wily politicians often, as did the late Prime Minister Mr Nehru "What other alternative is there?". Like Nehru, he also never received an answer to that question.

Dr Dwivedi sees Co-operation as a nursery for self-government, and quotes Smt. Gandhi's description of Co-operation, "The underlying principle of Co-operation is faith in human nature, in man's capacity to build and share, and that the movement promotes the ability among people of our nation to aquire the technique of organising and administering themselves for co-operation, as the cradle and nursery of self-government".

From words to action, Dr Dwivedi's book illustrates the thorny road of his movement, freed from British non-action, to what one's own nation's politicians can do to frustrate the natural instinct of people who wish to co-operate at village, state and national level. However, although shortage of finance, poor leadership, and at times lack of comprehension of co-operative philosophy frustrated the advance, Dr Dwivedi's book shows that co-operation in India is still a powerful force, one that can generate itself by

using rightly its one trump card DEMOCRACY.

The reading of *Democracy in Co-operative Movement* by some of us outside of India, could be a salutary lessson from which we and our Co-operative Movements could greatly benefit.

J.H.O.

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# International Co-operative Alliance

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

**Federación Argentina de Cooperativas de Consumo**
Avda. Suarez 2034, Buenos Aires.
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**Österreichischer Raiffeisenverband**
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## BULGARIA

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## CANADA

**Conseil Canadien de la Coopération**
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**Co-operative Union of Canada**
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## CYPRUS

**Co-operative Central Bank Ltd.**
(Gregoriou Afxentiou) POB 4537, Nicosia.
Tel. 62921 Cables COOPBANK

**Cyprus Turkish Co-operative Central Bank Ltd.**
POB 1861, Nicosia.
Tel.4257 Cables MERKAZBANK

**"SODAP", Vine Products Co-operative Marketing Union Ltd.**
(Cooperation St., Tsiflikoudhia) POB 314, Limassol.
Tel. 2331 Cables VINUNION

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**Ustredni Rada Druztev (Central Co-operative Council)**
Tesnov 5, 11006 Prague 1.
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## DENMARK

**Faellesforeningen for Denmarks Brugsforeninger (FDB)**
Roskildevej 65, 2620 Albertslund.
Tel. 64-88-11 Cables EFDEBE

**Österreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen**
Gieselhergasse 11, POB 6, A-1151 Vienna
Tel. 95.25.61 ext. 388 Cables KONSUMVERBAND

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**Bangladesh Jatiya Samabaya Union**
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**L'Economie Populaire**
30 rue des Champs, 5300 Ciney (Namur).
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**Fédération belge des Coopératives (FEBECOOP)**
26-28 rue Haute, 1000 Brussels.
Tel. 513-28-60 Cables ESGECE Telex 02.224.95

**Fédération Nationale des Coopératives Chrétiennes**
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**Office des Pharmacies Coopératives de Belgique (OPHACO)**
602 Chaussée de Mons, 1070 Brussels 7.
Tel. 522-56-90

**Société Coopérative d'Assurances "La Prévoyance Sociale"**
P.S. Building, 151 rue Royale, 1030 Brussels.
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## BOTSWANA

**Botswana Co-operative Union Ltd.**
POB 199, Gaborone.

**Det Kooperative Faellesforbund i Danmark**
Reventlowsgade 14, 1651 Copenhagen V.
Tel. 12-22-62 Cables UNICOOP

**De samvirkende danske Andelsselskaber**
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## EGYPT

**Central Agricultural Co-operative Union**
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**Central Consumers' Co-operative Union**
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**Central Producers Co-operative Union**
Higher Institute of Co-operative and Managerial Studies,
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POB 120, 00101 Helsinki 10.
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**Kulutusosuuskuntien Keskusliitto (K.K.) r.y.**
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**Confédération Générale des Sociétés Coopératives Ouvriéres de Production (SCOP)**
37 rue Jean-Leclaire, 75017 Paris.
Tel. 627.89.58 Cables COOPRODUC

**Confédération nationale de la Mutualité de la Coopération et du Crédit Agricoles**
129 Bd. St. Germain, 75279 Paris.
Tel. 033-93-31

**Confédération nationale du Crédit Mutuel**
88-90 rue Cardinet, 75017 Paris.
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**Confédération des Organismes du Crédit Maritime Mutuel**
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**Fédération Nationale des Coopératives de Consommateurs (F.N.C.C.)**
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An der Alster 57-63, 2000 Hamburg 1.

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**Ghana Co-operatives Council Ltd.**
POB 2068, Accra.
Cables GACOCO

**Ghana Co-operative Fisheries Association Ltd.**
POB 149, TEMA Tel. 2197 Cables CO-OPFISH

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**Pan-Hellenic Confederation of Unions of Agricultural Co-operatives**
41 Sophocleous Street, Athens 112.
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**National Co-operative Council**
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**National Council of Agricultural Co-operatives (TOT)**
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**National Council of Consumers' Co-operative Societies (SZOVOSZ)**
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**National Council of Industrial Co-operatives (OKISZ)**
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**Coop Handels- und Produktions-AG (HAPRO)**
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Tel. 284-1 Cables HAPROAG

**Gesamtverband gemeinnütziger Wohnungsunternehmen e.V**
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Samband House, POB 180, Reykjavik.
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**National Co-operative Land Development Banks' Federation**
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Tel. 395349 Cables BHUMIUIKAS

**Indian Farmers Fertiliser Co-operative Ltd. (IFFCO)**
34 Nehru Place, New Delhi 110019.

**National Agricultural Co-operative Marketing Federation of India Ltd.**
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Tel. 631416 Cables NAFED Telex ND 3254

***National Co-operative Consumers' Federation Ltd.***
Deepali (5th floor), 92 Nehru Place, New Delhi-110024.
Tel. 635387 Cables KONFED

**National Co-operative Union of India (NCUI)**
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Tel. 66 2751 Cables COPUNION

**National Federation of Industrial Co-operatives Ltd.,**
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**National Federation of State Co-operative Banks Ltd.,**
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**General Co-operative Union**
POB 5764, Baghdad.
Tel. 86520 Cables COOPFEDRA
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**IRISH REPUBLIC**

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35 Lower Gardiner Street, Dublin 1.

**ISRAEL**

**"Bahan" Audit Union of Agricultural Co-operative Societies in Israel**
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Tel. 62-32-78

**General Co-operative Association of Labour in Israel "Hevrate Ovdim" Ltd.**
(Histradut Building, 93 Arlosoroff St.) POB 303, Tel-Aviv.
Tel. 26.11.11 Cables OVDIM

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**Associazione Generale delle Cooperative Italiane**
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**Confederazione Cooperative Italiane**
Piazza dell'Esquilino 5, 00184 Rome.
Tel. 47-28-11 Cables CONFCOOPERATIVE

**Lega Nazionale delle Cooperative e Mutue**
Via A. Guattani 9, 00161 Rome.
Tel. 841371 Cables LEGACOOP

**IVORY COAST**

**Chambre d'Agriculture de Côte d'Ivoire**
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**National Union of Co-operative Societies Ltd.**
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Tel. 92-95 360 Telex JACUL JA 2231 Cables NUCS KINJA

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**Jordan Co-operative Organisation**
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Tel. 23101/3 Cables ALOUN

**KENYA**

**Kenya National Federation of Co-operatives Ltd.**
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**National Federation of Fisheries Co-operatives**
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Tel. 70-6211-20 Telex FISHCO K24359 Cables FISHCO

**KUWAIT**

**Union of Co-operative Societies**
POB Safat 1836.
Cables ESTEHLAKIA

**MALAYSIA**

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Tel. 26531/4

**Co-operative Union of Malaysia Ltd.**
29 Leboh Ampang, Kuala Lumpur
Tel. 26531

**Federation of Housing Co-operatives Ltd.**
c/o Railway Co-operative Multi-Purpose Society Ltd., POB 2528, Kuala Lumpur 04-04.
Tel. 423813

**Malaysian Co-operative Insurance Society Ltd.**
(36 Jalan Ampang) POB 817, Kuala Lumpur 01-16.
Tel. 87915/6 Cables MCIS

## JAPAN

**Norinchukin Bank**
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**Zenkoku Nogyokyodokumiai Chuokai**
(Central Union of Agricultural Co-operatives)
8-3 1-chome Otemachi, Chiyoda-ku, Tokyo.
Tel. 270 0041 Cables CHUOKAI

**Ie-No-Hikari Association**
No. 11, Funagawara-cho, Ichigaya, Shinjuku-ku, Tokyo.
Tel. 260-3151 Cables IENOHIKARI
Telex 2322367 IENOHI J

**Nippon Seikatsu Kyodokumiai Rengokai**
(Japanese Consumers' Co-operative Union)
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Tel. (404) 3231 Cables CONSUMUNION

**National Federation of Agricultural Co-operative Associations (ZEN-NOH)**
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**National Mutual Insurance Federation of Agricultural Co-operatives (ZENKYOREN)**
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**National Union of Co-operatives (ANGKASA)**
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Tel. 771258

**National Land Finance Co-operative Society Ltd.**
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Tel.

## MAURITIUS

**Mauritius Co-operative Union**
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**Confederación Mexicana de Cajas Populares**
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**Confederación Nacional Cooperativa de la República Mexicana CCL**
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Tel. 522-70-08

## MOROCCO

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

## NETHERLANDS

**Dutch Federation of Workers' Productive Co-operative Societies (ABC)**
Nieuwe Gracht 5, Utrecht.
Tel. 331 331

## NIGERIA

**Co-operative Federation of Nigeria Ltd.**
c/o Co-operative Bank Ltd., Co-operative Buildings, New Court Road, PMB 5101, Ibadan.
Cables NICOOPFED

## NORWAY

**Landbrukssamvirkets Felleskontor**
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**Norske Boligbyggelags Landsforbund (NBBL)**
Trondheimsveie 84-86, Oslo 5. Tel. 35 75 20

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Tel. 42-71-80 Cables SAMVIRKEBANKEN Telex 16604

**Samvirke Forsikring**
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Tel. 20-80-30 Telex 19430 COOPA N

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**Mercantile Co-operative Finance Corporation Ltd.**
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**Punjab Co-operative Union**
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**PERU**

**Cooperativa de Crédito Central del Perú Ltda.**
Antonio Miro Quesada 247, Of. 407, Apartado 4429, Lima.
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**Co-operative Union of the Philippines**
Rm 301B 3rd Floor, N. de la Merced (Delta) Building
West Avenue, Ruelon City

**National Association of Training Centres for Cooperatives (NATCCO)**
Pleasant Homes Subdivision, Punta Princesa, POB 950, 6401 Cebu City.
Tel. 7-16-15

**Sugar Co-operatives, Development Institute of the Philippines**
Rm. 211-213 Cuenca Gonzaga Bldg., San Juan St., Bacolod City 6001.
Tel. 20666

**UCECOM** (Central Union of Handicraft Co-operatives)
Calea Plevnei 46, Sectorul 7, Bucharest.
Tel. 13-16-48

**UNCAP** (National Union of Agricultural Producers' Co-operatives)
Bv.N Balcescu 17-19, Bucharest.

**SIERRA LEONE**

**National Co-operative Congress**
Department of Co-operatives, Ministerial Building, Freetown.

**SINGAPORE**

**Singapore Amalgamated Services Co-operative Organisation Ltd**
(3-J/K Clifford House) POB 366, 9007 Singapore.

**SOMALIA**

**Union of Somali Co-operatives Movement**
POB 1272, Somali Street, Mogadishu.
Cables UDHIS

**SPAIN**

**Unión Nacional de Cooperativas de Consumo de Espana**
General Oraa 70, 2º dcha., Madrid-6.
Tel. 262 17 23

**Union Nacional de Cooperativas del Campo**
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Tel. 448 60 54 Telex 46015 COOPE

**SRI LANKA**

**National Co-operative Council of Sri Lanka**
(Co-operative House, 455 Galle Road) POB 1669, Colombo 3.
Tel. 85496 Cables NACOSIL

**Sri Lanka Fisheries Co-operative Federation Ltd.**
127 Grandpass Road, Colombo 14.
Tel. 25057 Cables CO-OPFISH

**SUDAN**

**National Co-operative Union Ltd.**
PO Box 2492 Khartoum (Yafazaa) Tel. 73431

**SWAZILAND**

**Central Co-operative Union**
POB 551, Manzini

## POLAND

**Central Agricultural Union of Peasant Self-Aid Cooperatives,**
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Tel. 26-36-69 Cables CENTROLNA

**Central Union of Building and Housing Co-operatives**
Ul. Marchlewskiego 13, 00-828 Warsaw.
Tel. 20-90-29

**Central Union of Work Co-operatives**
Surawia 47, 00-680 Warsaw.
Tel. 28-51-86 Cables CZESP

**"Spolem"–Union of Consumer Co-operatives**
Grazyny 13, 02-548 Warsaw.
Tel. 45-32-41 Cables SETESES

**Supreme Co-operative Council**
Ul. Jasna 1, 00-013 Warsaw.
Tel. 26-72-21 Cables ENERES

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**Instituto "Antonio Sergio" do Sector Cooperative (INSCOOP)**
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**Federaçao Nacional das Cooperativas de Consumo (FENACOOP)**
Rua da Guine 8 R/c Dto., 1100 Lisbon.
Tel. 84-69-69

## PUERTO RICO

**Co-operative League of Puerto Rico**
458 Fernando Calder, Apartado 707, San Juan 00936
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## ROMANIA

**CENTROCOOP** (Central Union of Consumer Co-operatives)
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**HSB:S Riksförbund ek för**
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**Kooperation Konsumengtgillesförbundet**
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**Lantbrukarnas Riksförbund** (Federation of Swedish Farmers).
(Klara O Kyrkogata 12) Fack, S-105 33 Stockholm 33.
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**Oljekonsumenternas förbund** (OK Union)
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**Köy-Koop** (Central Organisation of Village Development and Other Agricultural Co-operative Unions)
Gazi Mustafa Kemal Bulvari 97, Maltepe, Ankara.
Tel. 30 22 40 Cables KOYKOOP

**Turk Kooperatifcilik Kurumu** (Turkish Co-operative Association)
Mithatpasa Caddesi 38A, Yenisehir, Ankara.
Tel. 18 82 44

**Yol-Koop** (Union of Consumers' Co-operatives of the Road Construction and Building Workers of Turkey)
Selanik Cad.23, Kat.4-5, Yenisehir, Ankara.
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**UGANDA**

**Uganda Co-operative Alliance**
POB 2215, Kampala.
Tel. 56984/6 Cables ALLIANCECOOP

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**Co-operative Bank Ltd.**
(1 Balloon St.) POB 101, Manchester M60 4EP.
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**Co-operative Insurance Society Ltd.**
Miller Street, Manchester M60 0AL.
Tel. (061) 832 8686 Cables COLLECTIVE
Telex 66 86 21 CIS G

**Co-operative Union Ltd.**
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**Co-operative Wholesale Society Ltd.**
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Tel. (061) 834 1212 Cables WHOLESALE

**Plunkett Foundation for Co-operative Studies**
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**Centro Cooperativista Uruguayo**
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(18 de Julio 1485, piso 7) CP 1667 Correo Central, Montevideo.
Tel. 41 44 17 Cables FUCAC

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**Co-operative League of the U.S.A.**
Súite 1100, 1828 L Street, NW, Washington, DC 20036.
Tel. (202) 872-0550 Cables CLUSA

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B. Tcherkassky per 15, 103626 Moscow.
Tel. 221 7253 Cables CENTROSOYUS MOSCOW K-3 Telex 7127

**YEMAN ARAB REPUBLIC**

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Tel. 454-842 Cables ZASAJ

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## VOL. 76 1983


International Co-operative Alliance

# Review of International Co-operation

Volume 76 No 2 1983
Published quarterly

IN THIS ISSUE:

# The International Co-operative Alliance

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

It comprises organizations in every continent, and its total affiliated membership through national organizations exceeds 360 million from consumers, agricultural, housing, credit, workers' productive, artisanal, fishery and other co-operative societies.

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

It promotes, through auxiliary trading, housing, banking and insurance organizations, 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 to co-operation.

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

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

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

Vol 76 No 2 1983

The official organ of the International Co-operative Alliance

*Editor:* J-F. Kister

## Contents

# WHERE DO WE STAND?

**by A. E. Saenger,** Director of the ICA

I am naturally referring here to the Secretariat of our Alliance. Soon after having taken office, eighteen months ago, the new Director was confronted with three problems, recognised by the Executive Committee as being of high priority. Number one was to remedy a financial situation which had become delicate due to successive deficits. Secondly, the secretariat should be restored to the efficiency it had lost after the sharp cut of almost half of its staff. In addition, as this situation had led to a loosening of the links between the secretariat and the technical committees (auxiliary), a new base had to be found to restore this relationship, so as to allow for the full participation of all sectors of the national co-operative movements in the international co-operative action.

It now seems appropriate, a year ahead of our next congress, to inform the readers of the Review about the various developments.

**FIRST OBJECTIVE: The Financial Situation**

The minutes of the ICA's various committees' meetings show that the directors who have successively led the ICA have, at all times, been confronted with severe budgetary constraints. However, the situation, which had considerably deteriorated during recent years, has now improved. Unfortunately, this amelioration is not due to an increase in resources, but essentially to an improved administration and a careful watch over expenditures. The expected deficit in the 1982 accounts has been avoided and an allocation of over £30,000 can be made to the dangerously reduced reserve fund.

The austerity budget of 1983, as well as a substantial decrease in occupancy costs which resulted from the transfer of the seat from London to Geneva, should allow for our 1983 accounts to be balanced including the restoration of the reserve fund to a sufficient level. This, of course, can only happen if all ICA members meet their obligations.

It goes without saying that even after a successful slimming cure, the patient needs to fully recover his health and sometimes must also change his life style! This is precisely what the secretariat should be able to do if the ICA authorities, and in particular its Central Committee, adhere next September to their intention to modify the "multiplier", hence the modality of calculating the subscription to ensure that finally the ICA has an adequate financial base. One should know that for 1982, of

166 member organisations adhering to the Alliance (365 million individual members) 42 members have contributed the minimum subscription of £150 only, that is a total of £6,000 or 1.2% of the total budget. Furthermore:

| | | | |
|---|---|---|---|
| 13 members have not met their obligations | | | |
| 64 members have paid subscriptions between | £150 | and | £2.000 |
| 23 members have paid subscriptions between | £2.000 | and | £5.000 |
| 17 members have paid subscriptions between | £5.000 | and | £10.000 |
| 4 members have paid subscriptions between | £10.000 | and | £20.000 |
| 1 member has paid a subscription between | £20.000 | and | £30.000 |
| 2 members have paid subscriptions between | £30.000 | and | £35.000 (max.) |

It is clear that the secretariat would face even greater difficulty if there were not a handful of members who motivated by a remarkable sense of solidarity, regularly contributed more, and sometimes substantially more, than their due.

The modesty of our budget is even more apparent if compared with the budget of other non-governmental organisations also located in Geneva (base = budget 1982).

| | |
|---|---|
| International Co-operative Alliance | £494,000 |
| International Metal Workers Federation | £4,500,000 |
| International Federation of Commercial, Clerical, Professional and Technical Employees | £1,500,000 |
| International Union of Food and Allied Workers' Associations | £1,200,000 |
| World Scout Bureau | £900,000 |

**To summarise:** starting from an improved but insufficient financial base, there is a need to provide the secretariat with the necessary resources to fulfil the mandate it has been entrusted with and to implement the decisions taken by the ICA authorities.

**SECOND OBJECTIVE: an Efficient Secretariat**

There had been a hope that the severe budgetary restrictions introduced in 1979 which resulted in a massive staff reduction would be compensated for by an increase in productivity. This was expecting too much from a partly disillusioned personnel who were sometimes recruited at less than attractive conditions. The question was how to attract the best available personnel: experienced, competent, multilingual and, above all, motivated? At least part of the answer would be provided unexpectedly when the secretariat would be compelled to search for new premises outside 11 Upper Grosvenor Street. As a matter of fact, according to existing regulations, the ICA building should, in 1990, revert to its original function (appartments) and could not be utilised as an office any longer. Hence, the decision to sell it was taken in Manchester in 1979.

Furthermore, an offer was made, in 1978, by the Austrian government to accommodate the headquarters of the ICA free of charge if its seat was transferred to Vienna. This offer was indeed attractive since the occupancy costs in London were very high, having reached £87,500 in 1982. However the idea to leave London was so alien to the ICA authorities for historical, traditional, sentimental as well as practical considerations (the staff being almost exclusively British) that it was not immediately accepted.

As far back as 1979, however, and long before the change in the management,

the idea of an "elsewhere" was launched. During almost a year, between 1980 and 1981, the efforts of the ICA authorities, the secretariat and some officers from the British Co-operative movement converged in the search for new premises where the ICA could be accommodated. Adequate offices were thus found at Tufton Street, in the Westminster area of London. Alas, because of legal problems, the owner of the building was unable to complete the sale.

This re-opened the entire question of the ICA seat, which coincided with 2 changes in the management. The assistance of the British Co-operative movement was again solicited, new steps were taken and numerous visits made to various locations but, finally, the conclusion was reached that it was impossible to find premises in an appropriate quarter of London commensurate with the budget of the ICA.

The new Director was then requested to study the conditions of a transfer to Vienna. The study was submitted to the Executive Committee, a majority of whom agreed with the principle of such a transfer. What was yet unknown was the date when the Austrian parliament would adopt a new law granting tax exemption to international non-governmental organisations such as the ICA.

For that reason and in order to be able to evaluate different opportunities, the secretariat was requested to study the conditions of a transfer, first to Paris and later to Geneva. At this juncture, the British Co-operative movement proposed to the ICA that it transfer its seat to Manchester where, against the proceeds of the sale of 11 Upper Grosvenor Street, it would be offered the possibility of buying part of Holyoake House, where the Co-operative Union has its headquarters.

A comparative study was then undertaken, on the basis of 19 different criteria (political, social and monetary stability, fiscal advantages, rent of office space, personnel, communications, transportation, etc.), which was intended to underline the respective advantages and inconveniences of Manchester, Vienna, Paris and Geneva. The conclusions of this analysis led the Executive Committee to recommend the transfer to Geneva to the Central Committee. The two hundred and eighty-three members forming this committee, were requested to express their opinion (by correspondence because of the deadline imposed by the sale of the building which had to be vacated on 1st November 1982); of the 245 who voted, 203 were in favour of the transfer to Geneva, 35 voted against and 7 abstained.

Among the major reasons which led to that decision were: the neutrality of Switzerland, the international situation of Geneva where more than 200 international non-governmental organisations have their headquarters and a full tax exemption for the ICA. This special status enjoyed by certain NGOs was immediately granted to the ICA by the Swiss authorities. It also includes a 10% income tax reduction for non-Swiss members of the Secretariat.

Thanks to the efficient support of COOP Switzerland, the Swiss and Geneva authorities have warmly welcomed the arrival of the ICA. COOP GENEVA has made available temporary premises and, as of November 1983, the headquarters will be definitively installed in a new building, which belongs to the "Building Foundation for International organisations" and is located near the ILO. The rent, which is calculated at a special non commercial rate, and other occupancy costs will total approximately £40,000 a year.

Having defined the environment, let us say a few words about the secretariat team. Although not yet complete, it includes 15 people from France, Sweden,

Switzerland, UK and USSR, all able to express themselves in 2 or 3 languages. Their activity relates to: administrative and financial management; preparation of ICA's various meetings and of the necessary documents; visits to member organisations; relations with the various organisations of the ICA, the regional councils in Asia and Africa and the Auxiliary Committees and Working Parties; liaison with the United Nations Organisation, the specialised agencies and INGOs; co-operative development aid programmes; co-operative education and training including the CEMAS project; press, information, publication of the International Co-operative Review, the ICA News, etc.

**THIRD OBJECTIVE; Relations with the Auxiliary Committees**

Although, at its foundation the ICA was mainly composed of members from the consumer co-operatives, membership was gradually extended to co-operative federations or unions from other sectors: agriculture, banks, distributive trade, fisheries, housing, insurance, women and workers' productive co-operatives. This led to the creation of so-called auxiliary (sectoral) committees and of a few working parties in the field of libraries, research-planning and development, press, education and tourism.

However, this diversification, which today is the richness of the Alliance, requires a unity of doctrine within the international co-operative movement. This unity ensures, amongst other things, that the sectoral interests of these committees are adequately represented in the organisations which have granted a privileged consultative status to the ICA (UN, UNCTAD, HABITAT, specialised agencies, etc.)

It becomes increasingly indispensable:

(a) to develop the inter-sectoral co-operative information,
(b) to harmonise systematically the sectoral and inter-sectoral policies with the policy defined by the ICA Congress and the Central Committee,
(c) to maximise the efforts towards an expansion of the co-operative sector aiming at improving the economic and social welfare of the population,
(d) to enable the regional sectoral committees which are created throughout the world, to benefit from the experience of the existing committees.

In order, to reach these objectives successfully it is absolutely necessary to have closer contact between the ICA secretariat and the various committees.

A first meeting of chairmen and secretaries of auxiliary committees took place at the ICA Headquarters in London in 1982. A second meeting, this time with the Executive Commitee of the Alliance is scheduled for the 5th July 1983 in Geneva. This meeting should produce a new base for inter-co-operative relationships which should show that the strength of the international co-operative movement lies in the efficiency of the national movements, the regional groupings and, to a large extent, the co-ordination of all intra- and inter-sectoral efforts. New ideas will certainly emerge which will help to prepare our congress in Hamburg next year.

**"Where do we stand?"** we asked at the beginning of this article. This brief answer suggests only an overview of our immediate preoccupations and of some long term objectives. It is with the full support of all the members of the ICA, that the small, but highly motivated team in the secretariat will be able to work at its full capacity and efficiently perform the function with which it has been entrusted.

# Consumer, Producer and Housing Co-operatives in Czechoslovakia

by Jan Stolar*

THE Czechoslovak Socialist Republic is a federal state of two nations with equal rights – the Czechs and the Slovaks. It is situated in the middle of Europe occupying nearly 130,000km² of land with a population of over 15 millions. Approximately 3.6 million citizens (i.e. nearly one quarter of the population) are associated in consumer, producer† and housing co-operatives. In agriculture the decisive role is played by the unified agricultural co-operatives, with a membership of almost one million, whose share in the total agricultural land amounts to 65%.

## I. Brief Historical Review

The high number of members and both the economic and social authority of the Czechoslovak co-operative movement are based on its great historical traditions. The first co-operative society on the territory which is now Czechoslovakia was founded in the small Slovak village of Sobotiště as early as 9th February 1845, only a few months after the establishment of the Rochdale Society of Equitable Pioneers. Thus, the Czechoslovak co-operative movement is among the oldest in the world. When the founding congress of the International Co-operative Alliance took place in London in 1895 its delegates included representatives from Czechoslovakia. Consequently, our co-operative movement rightfully considers itself to be one of the organizations which helped to found the International Co-operative Alliance and have remained its members ever since. After the creation of the independent Czechoslovak Republic 65 years ago the co-operative movement continued to develop within the environment of hard competition created by the capitalist economy. Popular consumer co-operatives headed by Prague's Včela (the bee) co-operative society had to struggle hard to maintain their existence and their original progressive mission. This progressive co-operative movement not only supported the social struggle of the workers but also, in the thirties, contributed to the fight against the menace of emerging fascism and the threat of war. Many co-operators lost their lives in the struggle against the nazi occupation within the resistance movement, both at home and abroad. During the fight against fascism the united co-operative movement was formed. It became the Central Co-operative Council after the liberation of Czechoslovakia by the Soviet army in 1945.

After socialism was established in 1948 the movement attained an unprecedentedly strong position as well as new tasks. No longer obliged to struggle

* Jan Stolar is the editor in chief of the publications of the Central Co-operative Council of Czechoslovakia.

† Including workers' productive and artisanal co-operatives.


*The SUMAVA hotel of the JEDNOTA consumer co-operative in Sušice provides services to visitors throughout the whole year.*

for existence, co-operatives are entrusted with important spheres of the social and economic activity of the country, within the framework of the planned development of the economy. Our socialist state puts its confidence in co-operatives and provides them with the basic material conditions necessary for their further development. The interest of both the member and the co-operative coincides with the interest of the socialist society whose basic aim is to satisfy the material and cultural needs of the population.

The Law on the Central Co-operative Council (1948) expressed the unity of the Czechovlovak co-operative movement. In accordance with the federal constitutional organization of the Czechoslovak Socialist Republic, the national (Czech and Slovak) co-operative unions of consumer, producer and housing co-operatives were created in 1969. Thus the organizational structure of the Czechoslovak co-operative movement was definitively established.

## II. The Central Co-operative Council

The Central Co-operative Council is the supreme body of Czechoslovakia's consumer, producer and housing co-operatives and within the international sphere it also represents the agricultural co-operatives. As the apex organization, it takes care of the co-operative movement's overall development as well as its social and economic initiatives. It determines the evolution,

strengthening and fulfilment of co-operative democracy within co-operatives. The Central Co-operative Council participates in the implementation of the State's economic policy in accordance with social needs. In collaboration with its member organizations it coordinates those economic issues which require a unified solution within the co-operative movement. It decides the principles of professional training for managerial staff and ensures their further education through its Co-operative College. In the spirit of international co-operative collaboration it organizes educational schemes for high-level and middle-grade personnel from co-operative organizations in developing countries. It also collaborates with the state authorities in regulating the relations between co-operatives and the state and participates in working out legislation concerning co-operatives. By means of its two foreign trade enterprises it organizes the foreign trade of co-operatives.

# III. Co-operative Economic Activities

The consumer, producer and housing co-operatives carry out their economic activities in spheres directly oriented toward satisfying the needs of the people. The development of the co-operative economy is closely connected with the development of the national economy as a whole.

## 1. Consumer Co-operatives

The retail trade of the consumer co-operatives plays an important role in satisfying the needs of the population. It is based, first of all, on the conditions of life in rural communities and respects the character and consumer demands of the country's inhabitants. These demands are continually increasing both in quantity, and as a result of improved living standards, also in quality.

The consumer co-operatives supply their customers with food products and industrial goods through their network of department stores, shopping centres, grocery and specialized shops which account for more than 40% of the total retail trade network. Villages and settlements which are too small to justify a permanent retail outlet are regularly supplied by mobile shops. The total number of co-operative outlets of various types amounts to 27,000.

Consumer co-operatives also purchase forest berries and mushrooms, fruit, vegetables, honey and other kinds

**Member Unions of the Central Co-operative Council**

| | *number of co-ops* | *number of members (thousands)* |
|---|---|---|
| Czech Union of Consumer Co-operatives | 73 | 1,500 |
| Czech Union of Producer Co-operatives | 287 | 133 |
| Czech Union of Housing Co-operatives | 357 | 743 |
| Slovak Union of Consumer Co-operatives | 37 | 870 |
| Slovak Union of Producer Co-operatives | 105 | 51 |
| Slovak Union of Housing Co-operatives | 97 | 300 |

of products not only for the home market, but also for export.

The demands placed on co-operative catering are also continually increasing. Co-operative establishments constitute some 60% of all catering facilities in Czechoslovakia. Co-operative hotels and other lodging establishments comprise 15% of the total number of beds in the country, satisfying the growing requirements of both domestic and foreign tourism. All these tasks are duly taken into consideration within the new construction activities of the consumer co-operative movement.

## 2. Producer Co-operatives

The producer co-operatives continue to develop services and produce consumer goods, thus supplementing the mass production of national enterprises.

They are involved in various kinds of services, including repair and maintenance of motor vehicles, electrical apparatus and other household appliances. Another rapidly expanding sphere of activity is the made-to-order production of furniture, clothing, shoes and other goods.

The services rendered by the producer co-operatives also include the mending and refitting of garments, repair of cameras, optical instruments, toys, bicycles, musical instruments, etc. Highly developed fields of activity are photographic services including reportage and the processing of snapshots, barbers' and hairdressers' services and guarding of buildings and parking places. An important role is also played by co-operative laundries, mangling and ironing shops, dry-cleaners and many other services.

Also in the process of expanding are various kinds of building activities for the individual customer, with the producer co-operatives concentrating above all on tasks connected with home repairs and modernization.

Another important task of the producer co-operatives is the preservation and further development of art-handicraft and folk-art. This sphere of activity includes wicker-work, ceramics and glass-cutting, bobbin-lace-making, embroidery of folk costumes, the production of souvenirs, the repair of historical objects and architectural monuments and the work of stonemasons, carpenters, blacksmiths, tinsmiths, tilers and slaters.

Producer co-operatives fulfill a significant mission in the sphere of social care, by means of creating favourable conditions for the employment of the handicapped. The possibility of being usefully employed helps to rehabilitate and reintegrate the disabled into society.

## 3. Housing Co-operatives

Housing co-operatives contribute actively to raising the population's standard of living and to moulding their style of living in the sphere of housing. They are an expression of the interest shown by citizens of a socialist state in combining their forces and means for the purpose of resolving the housing problem.

The economical administration and maintenance of housing is effectively facilitated by direct participation of the members (i.e. the occupants of the accommodation) in the management of their co-operatives.

Young people account for more than 65% of the members of the housing co-operatives.

In most cases, housing co-operatives take over flats built under contract by various construction enterprises. A part of the housing construction is implemented by self-help schemes with members participating not only financially, but also with their own work.

*The DRUŽBA commercial enterprise of the Czech Union of Producer Co-operatives is situated in the very centre of Prague. The VČELA consumer co-operative has several restaurants in the upper floor of the building.*

Co-operatives are also engaged in the building of individual houses and garages and in various forms of mutual assistance.

The housing co-operatives attach ever-increasing importance to the extension of maintenance, modernization and repairs in existing accommodation which represents approximately 800,000 housing units. The social activities of housing co-operatives have been substantially intensified, especially as regards collective activities and the care of children and youth.

## IV. Social Activities

The Czechoslovak co-operative movement is part of the country's system of socialist democracy; it is an integral component of the National Front, which is the political expression of the class bond between workers, farmers and the intelligentsia, and of nations and nationalities. It unites the efforts of communists, members of the other political parties and citizens without any political affiliation – within the construction of socialism.

The co-operative movement closely collaborates, on the broad basis of the National Front, with the latter's member organizations, especially the Trade Unions, the Women's Union, the Socialist Union of Youth, the Union of Co-operative Farmers and others. Through this collaboration the full and equal participation of citizens in administration and management of public affairs is intensified and all basic issues of the citizens' lives are solved (i.e. those pertaining to their economic activities, standard of living, way of life, creation and protection of the living environment, humanizing of work, utilization of leisure time, pursuit of hobbies and interests, as well as matters of cultural and social development).

More than 150,000 elected officers are working in the consumer, producer and housing co-operatives, their national unions and the bodies of the Central Co-operative Council. Their work is supplemented by that of the members of numerous auxiliary committees and commissions. The elected bodies mentioned comprise 40% women and 17% young co-operators under the age of 30. The average participation in the membership meetings amounts to 85% in producer and 83% in housing co-operatives.

The activities of the basic organizational units of the co-operative movement have expanded, as has their participation in the promotion of working and social initiative and in the management and control of co-operatives.

Annually, the co-operatives organize more than 70 thousand educational and cultural campaigns and events which are attended by some four million members and other citizens. The co-operatives contribute to other cultural and educational events with their own amateur ensembles. Summer and winter sports, including athletic competitions for co-operative apprentices, are regularly organized, culminating in international tournaments for the youth of socialist countries.

In collaboration with the unified organization of the Czechoslovak youth and the Socialist Union of Youth the co-operative authorities support the activities of young co-operators, take care of their development and create the necessary conditions for enabling the young members to satisfy their needs and interests through their work. Young co-operators participate in self-help campaigns for the improvement of their working environment. They annually organize 15 thousand educational and sports events in which some 700 thousand young people participate.

Attached to the boards of management of co-operative organizations are commissions and committees of young co-operators acting as auxiliary bodies.

Women constitute the majority of the membership of consumer, producer and housing co-operatives. They are active in all co-operative bodies. In addition, commissions of women co-operators are attached to the elected authorities of co-operative organizations. These commissions give an impetus toward collaboration with various bodies of the Czechoslovak Union of Women for improving the living and working conditions of women and raising the level of co-operative services in the spheres of trade, catering, repairs and made-to-order production as well as services connected with housing.

## V. Educational Activities

The Czechoslovak co-operative movement knows from experience that an organization can reach its long-term perspective goals only on condition that there is continuity of its work and that permanent contacts exist with the rising generation. The educational activities of the Czechoslovak co-operative movement comprise the specialized, professional training of youth and adult workers as well as the education and training of leading workers and elected officers.

The consumer and producer co-operatives consider the education and training of their apprentices as highly important. At present, nearly 27 thousand young people attend various types of vocational schools, practical training centres and apprentice schools.

The spheres of training are conceived in accordance with the present and prospective tasks of the co-operative organizations in the economic field. As regards Consumer Co-operatives, the basic professions for which young people are trained include those of grocery salesmen/saleswomen, cooks and waiters/waitresses. In the sphere of producer co-operatives they include those of skilled workers in mechanical engineering, electrical engineering, chemical production, textile and clothing production, leather processing and shoe production, paper-processing, photography, the building trade and art-handicraft production. Finally, for those seeking employment in housing co-operatives, those of house-painters, plumbers, masons, floor-laying specialists, elevator mechanics, etc.

Considerable attention is paid by the Czechoslovak co-operative movement to the adult education of executives, officers and workers based on a systematic foundation within the framework of the educational systems elaborated by the national consumer, producer and housing unions. The highest educational establishment in the Czechoslovak co-operative system is the Co-operative College of the Central Co-operative Council. The College is engaged in the education and training of co-operative management from both Czechoslovakia and the developing countries.

## VI. International Activities

This year's meetings of the Central and Executive Committees as well as Auxiliary Committees and Working Parties of the International Co-operative Alliance will take place in Prague, only three months after the World Assembly for Peace and Life, against Nuclear War, will have been held here. This coincidence is a reminder of the fact that many interrelations and mutually interpenetrating paths of historical development and concrete co-operation exist between the issue of preserving peace and the traditions of both the ICA and the

Czechoslovak co-operative movement.

In all forms of international relations (bilateral, multilateral, trade and organizational) as well as within the framework of the ICA, the Central Co-operative Council implements the principles of international solidarity, collaboration and overall support of efforts towards world peace. The co-operative movement in Czechoslovakia identifies itself with those principles.

In its international relations the Central Co-operative Council devotes considerable attention to various forms of support for the co-operative movements of developing countries in Africa, Asia and Latin America. It supplies the co-operative organizations of those countries with co-operative literature, periodicals and information materials, financial and material assistance and sends field experts to promote co-operative development. The field work in developing countries is organized mostly through the International Labour Organization and the United Nations Industrial Development Organization. Contributions are made both by co-operative organizations and individual co-operators.

About twenty years ago, the Central Co-operative Council established the Co-operative Solidarity Fund to finance aid to developing countries including training courses and on-the-job training schemes for officers from developing countries, in Czechoslovakia. Each year the fund finances such training courses for approximately 80-120 participants, more than 1600 co-operators from 70 countries having participated over the past 20 years.

International relations of the Czechoslovak co-operative movement are not only limited to providing assistance to developing countries, they also promote close collaboration with the co-operative organizations of other socialist countries, based on the unity of aims and interests. At the same time we devote full attention to developing positive relations with co-operative organizations from countries with different social systems (both within the framework of the ICA and independently) whenever such relations prove to be mutually useful and advantageous. Most important in this sphere are trade relations, exchange of technical information as well as seeking for possibilities of a joint procedure in important issues of international understanding, especially in efforts towards world peace and creating favourable conditions for co-operative development in favour of the masses.

## VII. Active Collaboration within the ICA

International relations of the Central Co-operative Council include a constant collaboration with the ICA, especially through participation of Czechoslovak representatives in Congresses, meetings of the Central and Executive Committees, Auxiliary Committees and Working Parties. This collaboration has a long historical tradition. The Central Committee first met in Prague in 1924. The meeting of the ICA Central Committee in Prague in 1935 was highly important. A statement was issued marking the 40th anniversary of the Alliance in which it was stressed that ". . . the pursuit of peace, based upon the mutual confidence and respect of the people, is one of the main purposes of Co-operation and was the initial impulse to the foundation of the Alliance." In the second half of 1948 the 17th Congress of the ICA was held in Prague; besides the usual sessions of the statutory bodies, new auxiliary committees were established on this occasion. The ICA meetings in Prague in 1967 were an

important expression of the collaboration between the International Co-operative Alliance and the Central Co-operative Council.

On all the above mentioned occasions the participants had the opportunity to make themselves acquainted with the state and development of Czechoslovakia's co-operative movement. The participants of this year's meetings of the ICA in Prague will surely observe with interest the results of the work of Czechoslovak co-operators and acquaint themselves with the way of life of Czechoslovakia's people. The country's historical monuments and modern constructions (including co-operative ones) create an overall framework for the development of the social, economic and cultural life of the population of the Czechoslovak Socialist Republic.

# ACHIEVEMENTS OF COOPERATIVE FARMING IN CZECHOSLOVAKIA

by Mr Pavol Jonáš*

THE development and status of agriculture in Czechoslovakia are inseparably connected with the individual stages of developing the socialist society, and with the building and economic consolidation of Uniform Farmers' Cooperatives (UFC) and state farms. The establishment of the agricultural wholesale production is one of the greatest achievements of the Czechoslovak Socialist Republic. Agricultural mass production has become an integral part of the economy and its dynamic development has played a significant part in satisfying the increasing needs of the population and furthering the advantages of the socialist society.

The restructuring of agriculture by way of the cooperative movement was begun in 1949 and, by the end of the 1950s, the UFCs were already able to claim complete predominance in Czechoslovakian agriculture. The collectivization process was essentially finished by 1959.

In 1982, 1074 UFCs and 204 state farms were contributing to the fulfillment of the tasks of Czechoslovakian agriculture. Apart from these, 352 combined agricultural enterprises which were established as a higher form of cooperation, were active in special sectors. Most of them concentrate on the industrial production of poultry, pork and eggs. However, there are also enterprises specializing in the production of vegetables and in construction and also agrochemical factories which take care of the complex nutrition and protection of plants.

Uniform farmer's cooperatives and other cooperatives play a significant part in the development of agriculture as a whole. They are being developed as modern agricultural enterprises, utilizing advanced equipment and collective labour, and exploiting the long-standing and proven cooperative idea.

An integral part of the development of Czechoslovakian agriculture is the consistent increase in the standard of specialized training for the workers. For example, since 1960 the number of graduates of agricultural universities employed in agricultural organizations has increased 9 times and the number of graduates of agricultural technical colleges 7 times. Specialists in agriculture are consistently improving their knowledge in post-graduate courses organized by agricultural schools or by state agricultural authorities as part of professional and cyclic training. The other members of the cooperatives achieve the necessary qualification by studying in "Cooperative Labour Schools", established in all UFCs. This form of training is exploited annually by 370,000 cooperative farmers in an effort to improve their qualification.

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## Improved Techniques

The advance in technical equipment of Czechoslovakian agriculture is shown by the increase in the quality of basic tools and the number of machines and other equipment. There are 38 tractors to every 1000 ha of agricultural land, 7 combine-harvesters to every 100 ha of crops, 18 sugar-beet harvesters to every 1000 ha of sugar-beet. This equipment is fully capable of ensuring 100% mechanized harvesting of cereals, 95% for sugar-beet and 70% for potatoes.

An important intensification factor of agricultural production is the increasing use of industrial fertilizers. The consumption of industrial fertilizers now stands at 254 kg of pure N, P and K nutritives per 1 ha of agricultural land compared to 21.3 in 1950. Over the last 20 years the volume of chemicals used in plant protection has increased 6 times and the range of the chemicals has increased similarly.

The achievements of the Czechoslovakian methods of agriculture are demonstrated by the fact that the volume of gross agricultural production and the unit areas of agricultural land have more than doubled over the past 35 years. The average annual rate of production growth exceeds that of many other countries with developed agriculture. The production of cereals, which amounted to an average of 4.5 million tons in the years 1946-50, amounted to 10.9 million tons in 1978 and 10.7 million tons in 1980.

Excellent results have been achieved in animal production over the past 35 years. Meat production has more than doubled, egg production has more than tripled and milk output has increased by over 80%. The growth of agricultural production is also reflected in the food consumption per inhabitant per year, which now stands at 80.5 kg of meat, 232.6 kg of milk and dairy products, 37.5 kg of sugar, and 106.7 kg of flour and flour products.

## Increase in the Standard of Living of Cooperative Farmers

The restructuring of farming and the dynamic development of agricultural production connected with it have laid the foundation for the gradual abolition of the differences in the status of agricultural and industrial workers.

Whereas the average monthly income of a UFC member in 1967 was 14.5% lower than the wages of industrial workers, in 1979 the differences in remuneration had essentially been removed, and the CSSR thus became one of the first countries where these differences ceased to exist.

Like the workers in other fields of the national economy, the cooperative farmers also enjoy full social security. They are eligible for sick leave and compensation, free medical care, old-age pension, invalid pension, children's benefits, etc. The UFCs also grant their members paid vacations, provide communal catering, spa and recreational facilities and other social benefits.

Between 1970 and 1980, 180,000 new apartments were built for cooperative farmers and facilities have improved conspicuously. For example, in the CSSR there is one washing machine to every two inhabitants, one refrigerator to every three, one TV set to every three and one car to every seven inhabitants.

In the cooperative refectories of 1300 UFCs, 250,000 cooperative members partake of their meals. The UFCs, in cooperation with the National Councils and other organizations, have built and operate 1330 kindergardens and creches which care for 50,000 children.

The UFCs devote exceptional atten-

tion to the health of their members. They organize preventive medical checkups and take part in building medical facilities in villages. Annually more than 25,000 convalescent farmers enjoy spa-treatment provided by the Union of Cooperative Farmers. Each year more than 125,000 farmers and family members take part in selective recreation, 20% of which is organized directly by the cooperatives. An annual average of 110,000 cooperative farmers go on educational tours, 12,000 of these abroad. Summer camps and other facilities are organized for the children of cooperative farmers.

The UFCs devote considerable care to their retired members. They provide them with pensions, free or reduced communal meals and other benefits designed to make their retirement as pleasant as possible.

Great importance is given in the UFCs to culture, education, physical training and other activities of interest which are considered important tools for developing intellectual and physical powers besides being an integral part of the socialist way of life. Performances of cultural ensembles, sports olympiades of youth and agricultural workers, chess tournaments, riding competitions, long-range marches, motorcrosses, shooting and paramilitary competitions, football, ice-hockey and other sports tournaments are organized. These cultural and social undertakings add to the social life of the cooperative farmers and draw a resounding response and mass participation.

The Union of Cooperative Farmers, a social organization of the CSSR's National Front, improves the standard of living of the co-operative farmers and plays an important role in increasing their participation in social management and unifying their interests with those of society as a whole.

The overall changes in Czechoslovakian agriculture have contributed to abolishing the substantial differences between town and village. Work in agriculture has become a highly qualified profession which is economically and socially equal to other sectors of the national economy. The future task of Czechoslovakian cooperative farming is to maintain the high dynamic rate of development of agricultural production and the social and working conditions of cooperative farmers, and to contribute increasingly to the economic and social development of socialist Czechoslovakia.

# The International Cooperative Alliance and the United Nations

by W. J. Campbell*

*WHEN I came off the bus at Ramsey Terrace and Fairlawn Road on a bright April afternoon in 1945, I was greeted by one of our neighbors who said, "Franklin Roosevelt just died."*

*Another neighbor who was riding with me said, "It's about time," but, when he saw the seriousness of the face of the neighbor lady who brought us the news, changed his tune and said, "You don't mean it, really. Do you?". Our neighbor said, "Yes, he passed away in Warm Springs in the early afternoon and his funeral will be on Monday."*

*The cynical neighbor said, "What happens now," and the neighbor lady said that Harry Truman was being sworn in as the new president.*

*This gave me pause because the United Nations Organization Conference was scheduled to begin the following week in San Francisco. President Roosevelt had been the sponsor of the conference and a principal drive in its formation. He had expected to open the conference in person the following week.,*

*The big question before us was whether Harry Truman would postpone the conference in order to get a hand on foreign policy, or whether he would ask that it proceed right away.*

## Cooperative Reporter at UN founding

Before the evening was over, Harry Truman issued a statement saying that the United Nations founding conference should be held on schedule and that he would fly to San Francisco to open it.

This was the first indication any of us had that Harry Truman was going to be a decisive, positive president.

I was deeply interested because I had been selected by the Cooperative League of the USA to represent it at the UN founding conference in San Francisco.

World War II had been debilitating and it was also very difficult for an organization like the International Cooperative Alliance to send anyone from London to San Francisco for the conference. To meet this need, the ICA had asked the Cooperative League to select a delegate. Since I was then editing the Cooperative News Service and in charge of the New York office of the Cooperative League, I had to cover the founding conference in San Francisco.

1945 was a new era. The formation of the United Nations looked like an impossible dream. The failure of the old League of Nations left an air of universal cynicism. Had it not been for President Roosevelt, the attempt to create a new world organization might never have gotten off the ground. However, twelve

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commissions were created to work on various aspects of the UN charter, and at last consensus triumphed over conflict and the United Nations was founded.

## Early Cooperative Concern for Middle East Petroleum Problems

In San Francisco, I was assisted by Stanley Sindelka who later became an executive officer of the International Cooperative Petroleum Assocation. Stanley was then a staff member for Howard Cowden, the cooperative pioneer who initiated the development of cooperative petroleum programs in the United States.

Cowden was anxious to present to the United Nations a proposal for the creation of a United Nations Petroleum Authority for the Middle East. Stanley Sindelka and his wife Jean, and I conferred every morning, divided up the territory, made appropriate telephone calls, and covered the conference. I did a daily report to the Cooperative League offices in New York and Chicago. The Cooperative News Service carried the stories throughout the United States and to the cooperative organizations abroad. The ICA distributed copies of my reports to cooperative organizations around the world.

As the United Nations was formed, the great villain on the horizon was not Germany or Russia or Japan, it was Argentina where the then dictator, Juan Peron, was raising serious questions about whether there should be a United Nations at all.

## The World Divided into Two Blocks

Stanley and I met the heads of many of the delegations in San Francisco. For example, Clement Attlee, the leader of the opposition, who was appointed by Winston Churchill to represent the United Kingdom at the United Nations conference, and who later became Prime Minister of Great Britain in his turn.

We had one long session with V. V. Kuznetzov, the chief of the delegation from the USSR, and exchanged information about the cooperative movements in his country and ours.

As we were leaving, I said to Mr Kuznetzov, "The world is getting smaller and I expect we will see you quite often in the years to come."

He said, "On the contrary, Mr Campbell, the world is going to be split apart and I am not sure I will ever see you again."

I had no idea at that time that the cold war was coming. He apparently knew it before we did. His prediction was true. The world tended to be divided into two camps politically. As readers of the *Review of International Cooperation* know, the ICA for many years was subject to "the cold war" with bitter antagonism between the East and the West.

## First Steps Towards the Recognition of NGOs

The UN founding conference was 12 weeks long.

The US State Department had decided that it would be a fine thing for the nongovernmental organizations in the United States to attend the conference and to help persuade the American public and the American Congress that the US should ratify the United Nations Charter and play an active role at the UN.

After the first week or so, there were second thoughts about this strategy. It was felt that other delegations at the UN conference might feel that the United States was pressuring them through

nongovernmental representation. For this reason, it was decided that there should be a very full program for nongovernmental organization representatives, including briefing sessions twice a day. The entertainment was lavish but always outside of the sphere of delegates of the other countries.

The president of the US National Association of Manufacturers, one of the participants from the nongovernmental sector, told me one day that he was being treated to "bread and circuses", that he was carefully shepherded away from foreign delegates, and that he had not talked with the head of any foreign delegation in the three weeks he had been there. He had been "overeducated" about the United Nations in an attempt to see that he did not get in the way.

Neither the International Cooperative Alliance nor the Cooperative League of the USA were well enough known in the State Department at that time to qualify as important nongovernmental organizations. For that reason, John Carson, head of our Washington office, arranged for Stanley and me to have press passes instead of being part of the nongovernmental organization representatives.

With our press passes, we could participate in many more sessions than could the NGO representatives. This helped me enormously in the news coverage. It also made it possible for us to interview heads of delegations.

Our principal objective was to urge the formation of a special section in the United Nations which would allow representation of the nongovernmental organizations. This was finally written into the Charter, and the NGOs in Category I were given consultative status with the Economic and Social Council of the United Nations.

The ICA was one of the first three organizations in the world given Category I representation at the UN. Today there are only 26 organizations with this status.

We also lobbied unsuccessfully for an office of cooperatives to be established at the United Nations.

During the conference, we arranged for Howard Cowden to come to San Francisco to speak to a luncheon session sponsored by the ICA for delegates from all the countries. We had a surprisingly large turnout. Howard Cowden told the dramatic story of the farmer cooperatives and the development of the cooperative petroleum program including, at that time, two petroleum refineries, pipelines and oil wells owned by the Consumer Cooperative Association (now Farmland Industries), and some of the other regional cooperatives in the Middle West.

The Cowden story was a great success. Many of the delegations pledged their support for the proposed United Nations authority for petroleum in the Middle East and the question of its adoption was roundly applauded. The issue was presented to the Economic and Social Council of the UN shortly after the UN was established in New York.

## Security Council and General Assembly

Probably the greatest impact we had was the personal contacts with delegates from the 45 countries which finally became the founding members of the UN. The delegates were anxious to re-establish the contacts broken off during World War II and to undertake any trade that could be developed between cooperatives of our various countries.

At the final ceremonies at the end of the conference, the world had achieved a breakthrough in international cooper-

ation which had not existed since the early days of the League of Nations.

The greatest change developed during the San Francisco conference was in the structure of the UN. Under the original proposals, the Security Council was to be the major functioning body. The General Assembly would be the forum for debate. The Economic and Social Council would be powerless.

What the delegates saw, which statesmen preparing the draft of the Charter in advance did not see, was the importance of the economic and social factors in making a world that would not blow apart. The day-to-day economies of the nations were more important than politics or war, and the power of persuasion was a stronger power than force.

The sanctions at the United Nations were reserved only for the Security Council which was dominated by the five big countries with six other nations selected by the General Assembly. Each of the five *permanent* members of the Security Council had the right to veto any action of the United Nations. It was felt that this would leave control in the hands of the victors in World War II and this would be the basis for world security.

Over the years the functions of the Security Council have become less and less important. The General Assembly has become the forum for debate throughout the world. Its only power is that of public opinion. In the Economic and Social Council and the Specialized Agencies of the UN are the continuing and effective work of world cooperation.

The work of the UN began on the 24th of October 1945 in temporary headquarters in the Sperry Gyroscope factory buildings on Long Island in New York State. It was out at "Lake Success" that the United Nations began its activities.

Great institutions were created in the first few years of the UN. I participated in the meeting at which the United Nations established the World Health Organization.

About the same time, the Economic and Social Council approved the creation of a special organization known as the United Nations International Children's Emergency Fund (UNICEF) to handle emergency relief for children in all sections of the world.

The UN International Labor Organization and the International Postal Union were carried over from the old League of Nations. Finally, the UN built its own headquarters in New York on land donated to it by John D. Rockefeller and the Rockefeller Brothers Fund.

## About Petroleum – What might have been

The first big issue which the International Cooperative Alliance placed on the agenda of the Economic and Social Council was the proposal, initiated by Howard Cowden, to create a United Nations Petroleum Authority for the Middle East.

At that time, the Middle East was beginning to be a major factor in the petroleum production field. There were great cross currents of politics and the American and British oil companies combined to operate some of the largest petroleum resources in the Middle Eastern countries.

For example, there was an opportunity for the International Cooperative Petroleum Association to purchase a 5 per cent interest in one of the larger oil producers working in the Middle East. This did not work out, but the concerns of the cooperatives were very great.

In those days, the nongovernmental organization with Category I consultative status to the Economic and Social

Council had the right to place an item on the agenda of the Council. That right has since been withdrawn and the rights of nongovernmental organizations have been curtailed somewhat, perhaps in part because of the very large issue which grew out of the ICA resolution. Dr Thorsten Odhe was sent from Sweden to work full time on promoting this resolution. From my post with the Cooperative League in New York, I worked with him every possible moment.

On presentation of our item, the many delegations in the Economic and Social Council – then 24 in number – became extremely interested in the proposal.

The national delegates asked us for information about the petroleum potential in the Middle East, cross currents of politics, the potential role of cooperatives in the field and the potential role of a cartel in that field, private or UN controlled.

The major oil companies in the United States sent their most effective lobbyists to Lake Success to try to convince the delegates to vote against the proposed Middle East oil authority.

The battle raged for weeks. Finally, the item reached a vote and was defeated, primarily due to pressure from the United States and Great Britain who we had hoped would support their cooperatives and at the same time the International Cooperative Alliance, but who, in fact, supported the oil companies instead. Had things developed otherwise, the petroleum crisis in the Middle East controlled by the OPEC cartel might have been avoided, there might have been a reasonable control of the oil resources in those countries and there could have been a gradual easing of prices upward to satisfy the economic needs of the then less developed countries, instead of the explosive, rapid price increases which enriched the OPEC countries and destroyed the economies of the less developed countries.

The ICA defeat in the Economic and Social Council was a victory of sorts for the ICA and the nongovernmental organizations because it illustrated the power of persuasion that was available to a nongovernmental organization.

## ILO and FAO connections

Later, the ICA appointed Leslie Woodcock, a director of Nationwide Insurance, as its permanent representative to the United Nations. He carried the responsibility for many years, keeping the London office of the ICA fully informed on items before the Economic and Social Council and matters of concern in other agencies of the United Nations.

For many years, the International Labor Office, formerly part of the League of Nations and now part of the United Nations structure, has had a section on cooperatives and has consistently supported the role of cooperatives in economic development. The ILO work in cooperatives has continued consistently from the late 1920s.

The ICA has participated actively in the work of the UN Food and Agriculture Organization (FAO) almost from its beginning, either through its London office or with special representation. In 1945 Mr Murray Lincoln, President of the Cooperative League of the USA, was appointed by President Roosevelt to the US delegation for the formation of the FAO at meetings in Hot Springs and the subsequent founding meeting of the FAO in Quebec.

The subject of cooperatives both for agriculture and fisheries has been an important factor in the FAO program and the FAO was a sponsor of the Committee on the Promotion of Aid to Cooperatives (COPAC).

In recent years, Monsignor Liguitti, active for many years in American cooperatives and for a time a member of the board of directors of Co-operative for American Relief Everywhere (CARE) served in Rome. He was an active proponent of the role of cooperatives. Dr Allie Felder of the Cooperative League of the USA, was appointed to participate on behalf of the US cooperatives in the United States delegations to the FAO. Recently, the FAO convened a special meeting on agricultural reform at which the nongovernmental organizations played a very active role.

## UNIDO, UNESCO, UNCTAD, UNDP

A relatively new organization in the UN family, the United Nations Industrial Development Organization (UNIDO), has its headquarters in Vienna. The industrial cooperatives with greatest strength in France, Italy and Poland have had continuing representation at UNIDO. More recently, Vienna became the site for the Social Development Division of the Economic and Social Council. Representation from the Austrian cooperatives brought the ICA into continuous contact with the Social Development Division.

In Paris, the United Nations Economic, Scientific and Cultural Organization (UNESCO) has long assisted delegations of cooperatives in special conferences and seminars.

Madame Francoise Baulier of the Central Cooperative Organizations in France has represented the ICA at UNESCO.

The insurance cooperatives were invited by the United Nations Conference on Trade and Development (UNCTAD) to present the case for cooperative insurance. The insurance committee of the ICA and its reinsurance bureau provided a special paper on cooperative insurance for the less developed countries. An oral presentation of the case was made by representatives of the cooperative insurance organizations of Sweden, the United States and the United Kingdom. The UNCTAD conference voted endorsement of the cooperative principle as it affects insurance with pointed reference to development in the less developed countries.

The United Nations Development Programme (UNDP) headquartered in New York has had a long standing interest in cooperative development. The Capital Development Fund (CDF) administered by the UNDP, has made loans and grants for cooperative development. An outstanding example was the project in Lesotho in southern Africa where the International Cooperative Housing Development Association (ICHDA) took responsibility for a self-help housing project in the capital city of Maseru.

There are other examples of strong collaboration between the United Nations and the ICA. In 1980, the UNDP formed a new category of cooperating organizations, which the ICA was invited to join. Also, the UNDP recently provided funds for interpretation and translation of materials in the West African office of the ICA.

## Peace and Disarmament

For many years, the ICA at its Congresses has adopted resolutions on peace and disarmament. This is one subject in which there seems always to be universal agreement. The United Nations has now held its second Special Assembly on Disarmament. The first one held in 1980 invited 25 nongovernmental organizations related to the United Nations to make oral presentations to the General Assembly. There was great

debate over whether the nongovernmental organizations could use the podium of the General Assembly or be forced to speak from a lower platform on the floor in the well of the General Assembly. Reason finally prevailed and the speakers selected by the General Assembly made their presentations from the podium. A small matter, but heavy with precedent.

Roger Kerinec, president of the International Cooperative Alliance, flew from Paris to New York to make a twelve-minute speech to the General Assembly. There he outlined the tremendous economic savings to the world if the $500 billion current annual expenditure on armaments by countries in the East and West could be used instead for productive enterprise. He urged that gradual steps be taken to decrease the amount of armament expenditures and increase comparably the expenditure for development in the less developed countries. President Kerinec's speech was very cordially received and drew support from many nations as well as from the other nongovernmental organizations.

**Today's Situation**

Two years later, in 1982, a second Special Session on Disarmament drew 50 speakers from the nongovernmental organizations. Roger Kerinec flew to New York again for this special session accompanied by André Saenger the Director General of the ICA. They had an opportunity to meet with many of the top officials of the United Nations in the Secretariat and the special organizations of the UN.

The ICA also presented a special paper to a conference on International Development Strategies sponsored by the General Assembly of the United Nations.

Perhaps most crucial of the recent events has been the preparation by the Secretary General of the UN of a special report on "National Experience in the Promotion of the Cooperative Movement". This paper prepared by the Secretariat for the Secretary General was reviewed by the Economic and Social Council and approved by the General Assembly. In a resolution accompanying the approval of the report, the General Assembly asked for a subsequent report in 1983 which is to highlight the social development in the cooperative movement as reported by member nations of the UN. This report is going through the processes of the United Nations from the Social Commission to the Economic and Social Council and then to the General Assembly.

The ICA is particularly eager to have a designated "focal point" in the United Nations Secretariat for information on cooperatives, research and statistics and initiation of work within the various organs of the United Nations.

The ICA has been elected to the Executive Committee of CONGO, a Conference of Non-Governmental Organizations, and is currently working with a task force on the revitalization of the Economic and Social Council.

The ICA now has a network of representatives at the United Nations in Rome, Vienna, Geneva, Paris and New York with occasional representation at the United Nations Habitat and Human Settlement Foundation (HABITAT) and environmental organizations of the United Nations in Nairobi.

In the development of cooperatives in the less developed areas of the world, the United Nations can and should play a major role in stimulating the further development of cooperatives to provide people with a better way of living and the means to help themselves to a higher standard of living. This is one of the

principal missions of the ICA in its relations to the United Nations.

The contribution of the ICA, with its 360 million members, can be of immense value to the United Nations. Together they make a good team.

# Community Partnerships at Home and Abroad

by E. Morgan Williams*

THE President's Task Force on Private Sector Initiatives is currently seeking to stimulate the formation of community partnerships between the public and private sectors to attack our pressing domestic problems. However, it is little recognized that the partnership approach has long been utilized in addressing another critical set of problems: fighting hunger and poverty in the developing nations. For many years, a cooperative effort has mobilized resources from both the public and private sectors to provide coordinated development assistance to the Third World. The experience of the organizations operating in the sphere of international development assistance has much to offer as we begin to accelerate the formation of community partnerships at home.

## Partnerships for Development

At the center of the cooperative relationship through which American development assistance is delivered to Third World nations are the private voluntary organizations (PVOs) which operate programs and maintain staff in the recipient nations. PVOs have been active in international relief work globally for more than a century. However, over the last thirty years, they have focused their efforts on the poorer nations and have developed an extensive network of contacts and relationships in these countries. This network is an invaluable resource for delivering development assistance.

Just as the American population represents a heterogeneity of interests and concerns, so do American private voluntary organizations operating abroad. A look at the PVOs that are registered with the US Agency for International Development (AID) to engage in development work abroad shows that

*The experience of the organizations operating in the sphere of international development assistance has much to offer as we begin to accelerate the formation of community partnerships at home.*

activities ranging from agricultural marketing to teaching people how to build better roads and schools are undertaken by US PVOs. For example, *Africare* supports the development of water resources, increased food production and delivery of basic health care services in rural Africa. *Food for the Hungry* operates integrated rural development projects aimed at developing self-reliance through food production programs; *Heifer Project International* emphasizes training in good management practices and the development of livestock breeding programs; *International Voluntary Services* recruits skilled technicians internationally to fill par-

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ticular posts in community development, housing and industrial development and the *People-to-People Health Foundation of Project Hope* teaches modern techniques of health science to medical, dental, nursing and health personnel in Africa, Latin America and the Middle East.

Each year thousands of individuals and corporations in the private sector contribute to PVOs in support of their relief and development activities. According to a recent report on American voluntary agencies involved in overseas development assistance prepared by AID, private contributions to PVOs totaled $836 million in 1980. Additional millions in in-kind services and volunteer time are also provided by individuals and corporations.

The partnership effort is reflected in the support provided to PVOs by government through AID and the cooperative projects undertaken abroad. Legislation that regulates the relationship of US PVOs with the government spells out clearly the emphasis that is placed on partnership. For example, in Section 123 of the Foreign Assistance Act of 1979 the Congress stated that "participation of rural and urban poor people in their countries' development can be assisted and accelerated in an effective manner through an increase in activities planned and carried out by private and voluntary organizations." This commitment to partnership by the US Government is compatible with what most PVOs view as their objectives and serves as the foundation of the cooperative effort.

Government support has allowed PVOs to expand the scope and scale of their assistance activities beyond levels previously sustainable with private funds alone. Without the support of government for PVO activities, the development of such large-scale projects as agricultural marketing systems, nutrition centers, hospitals, and irrigation systems would be virtually impossible in many developing countries.

## A Partnership At Work

A major emphasis of the overseas development effort over the past few years has been the improvement of basic agricultural production and distribution networks in the Third World. As President Reagan noted in his speech on development assistance to the World Affairs Council of Philadelphia last year, "Looking to the future, our emphasis will be upon the importance of market-oriented policies . . . The focus will be on raising the productivity of the small farmer, building the capacity to pursue agricultural research and stimulating productive enterprises that generate employment and purchasing power."

To illustrate how the partnership effort works in pursuit of this objective, we can examine a project undertaken by my own organization, the Cooperative League of the USA. In its overseas work, the Cooperative League endeavours to bring cooperative structures and operations to bear on the problems of the Third World farmer and consumer.

For over a quarter of a century, the Cooperative League has been actively involved in developing cooperatives in the Third World. As noted by Congress in 1964 in reporting on the Humphrey Amendment to the Foreign Assistance Act, "Living and vital cooperatives embrace the social, moral and cultural values of their members. . .these are what give US cooperatives their high value as an exportable product of our democracy."

One of the current development assistance projects carried out by the League as a public-private partnership is

"Operation Flood" in India. Funding for this project was provided from a combination of foundation, government and League resources. "Operation Flood" is patterned on the model of the very successful Kaira district Milk Production Union in Gujarat State. The Kaira Union today is composed of 850 village cooperatives with a membership of 300,000. Major results of its operations are: (1) income has increased for co-op members; (2) production and income have increased particularly sharply for the poorest members; and (3) members are investing much of their increased income in other productive assets, such as land and buffalo.

Based on the Kaira Union precedent, Phase I of "Operation Flood", completed in 1977, organized more than 2 million milk producers in India into hundreds of village milk collection cooperatives. These, in turn, were federated into 18 integrated cooperative unions, in order to "flood" India's four largest cities with high quality, low cost milk. In Phase II, recently completed, 28 additional cooperative unions have been created. All of the unions operate modern, largescale plants which process and market milk and dairy products.

The impact of "Operation Flood" is four fold. First, the milk that is sold provides an important food source to the Indian diet and fights malnutrition in the country. Second, the Indian farmer gets a better return for his product. Third, proceeds from the sale of milk provide a source of capital formation. And finally, the formation of a cooperative stabilizes the economic situation in the villages and brings an improved way of life to the people in the community.

## Conclusion

While there have been the inevitable tensions and problems in the public-private partnership for overseas development assistance that attend any effort to coordinate large-scale efforts, the results to date have been overwhelmingly positive. The US PVO operating abroad, cannot manage alone. Neither can the US government. We need each other.

The lesson for domestic policy is that partnership is more than a slogan. The AID-PVO relationship has demonstrated that the partners can accomplish more working together than by themselves. Private sector initiatives and organizations do not supplant government activities, but they can complement and reinforce public sector efforts in striving to accomplish mutually-agreed upon objectives. If we can take the overseas development experience into account as we proceed with the construction of community partnerships at home, we will make faster and more effective progress toward meeting our urgent domestic problems.

# MEDICAL ASSISTANCE TO THE WORLD'S NEEDY

## DIRECT RELIEF INTERNATIONAL

by David Klugman

DIRECT Relief International (DRI) is a unique medical aid organization located in Santa Barbara, a graceful Spanish-style city of 75,000 inhabitants facing the Pacific Ocean in Southern California (USA)*. The city harbors a large number of physicians, dentists, pharmacists, clergymen, attorneys and other concerned individuals, some of them actively retired. They pool their energies in a humanitarian effort to strengthen the health base of medically less-developed nations by breaking the cycle of poverty-hunger-disease, a first step in self-sufficiency. In effect they form a co-op delivering health care tools world-wide.

## The Animators

There are 5,000 volunteers, representing all walks of life, and 29 full and part-time staff. A team of 90–150 volunteer medical personnel is on call, ready to serve, be it in Bangladesh or in El Salvador. Working in co-ordination with other agencies, such as Red Cross or Red Crescent Societies, the UN High Commission for Refugees, Oxfam, Catholic, Protestant, Jewish, Islamic or other groups, including trade unions, assisted by contributions from pharmaceutical companies and airlines (delivering emergency shipments free of charge), the animators are able to provide tailor-made assistance in accordance with requests.

## The Action

Currently operating with a $9 million budget, mostly in kind and services, DRI helps indigenous hospitals and health centers, on a one-to-one basis, to help themselves by providing the tools. Such tools include drugs, vaccines, vitamins, medical and dental instruments, health skills training and a huge variety of items, ranging from autoclaves to wheelchairs. All of this is shipped to countries suffering from natural or man-made disasters, as well as to countries unable to provide minimum health care to its endemically sick population.

DRI receives such contributions and ships them around the world. Volunteer medical, dental and paramedical personnel are recruited and assigned overseas. All of this requires organization at Santa Barbara headquarters. There the orders are processed and the shipments readied in a huge warehouse. The agency requesting aid has to fill out a questionnaire which lists the available items included in a standard shipment.

* The Queen and Prince Philip visited Santa Barbara in March '83.

The agency, say a Ministry of Health, must certify that no religious or racial discrimination is practised among the beneficiaries, that no items may be sold, and no import duties assessed. Only on that basis will crutches, surgical instruments, dressings and hundreds of similar items find their way to areas of need.

## The Results

In 1982 $8 million in medical supplies and services were donated. Substantial aid was provided to India, Lebanon and Poland. Afghan refugees in Pakistan, as well as refugees in Africa and in Central America, uprooted by civil wars, famines, droughts or floods, received help in camps located in the countries of refuge. 93 medical volunteers donated clinical services, as well as training for indigenous personnel at understaffed hospitals and dispensaries in 20 countries.

DRI is a "no frills" operation. Administration costs last year (including fund raising) were only 3.8% of the value of goods and services donated, and despite ever-increasing rates, shipping costs averaged 9.5% of the value of goods shipped. Shipments may travel by air or sea half-way around the world and reach their final destination by ox-cart or dug-out canoe. Volunteers abroad serve anywhere from a month to a year, or more. At headquarters, volunteers donated an estimated 50,000 hours of service, their tasks ranging from clerical and translating work to preparing shipments. A national women pilots group (originators of the Amelia Earhart Powder Puff Derby) assist by flying in medical supplies to Santa Barbara headquarters.

## Special Cases

In Cambodia wearers of eyeglasses had to destroy them to save their lives during the senseless massacres. DRI provided thousands of replacements. Elsewhere 46,000 pairs of eyeglasses, contributed by Kiwanis and other service groups, enabled many individuals to become productive for the first time in their lives.

While serving as an American trade union technician in Africa, I personally presented polio vaccines in Senegal, X-ray equipment in Mali, drugs and vaccines to drought refugees in Mauritania, ambulances and mobile clinics (even a mobile dental clinic) in various countries and can testify that such assistance actually is a life or death matter for the recipients.

From Haiti to Kenya, from Korea to Ecuador, the need for health care equals that for food, housing and education. DRI has contributed its share since 1948, the year it was established by William Zimdin as a non-profit corporation. In the past 17 years alone, medical supplies valued at over $67 million have reached health facilities in over 100 countries. That is the true meaning of co-operation.

# Prospects for the Development of Co-operative Insurance in the Third World

**by Murray Maxwell,** *Canada**

*"I'm sure you'll like Arthur, Daddy," the daughter said. "He's a very nice young man."*
*"Does he have any money?" asked Dad. "Oh, you men are all alike. Arthur asked the same about you."*

*I tell you this story not just because it makes for a lighter beginning of a long talk on a rather serious subject. If you think about it, it throws light on a key aspect of co-operation. What you expect of others, others expect of you. This realization is what makes a co-operative enterprise really work. As members of a co-operative group, if people are prepared to do what they expect others to do, success is guaranteed. This is true of not only a relatively simple undertaking like a co-operative maintenance of a village meeting place but also of more complex projects like co-operative insurance.*

## A Promise for Difficult Times

In 1979, the United Nations Conference on Trade and Development (UNCTAD), following extensive study by the Committee on Invisibles and Financing, approved a resolution supporting co-operative insurance as an effective vehicle for people in developing countries to achieve a better financial existence. This strong statement of direction has increased the level of interest in many countries in forming a co-operative insurance society. Kenya followed up on this resolution in forming Kenya CIS. Therefore, it is appropriate for this conference that we review the prospects for the development of co-operative insurance in third world countries in the light of today and tomorrow.

The general state of the economy in most countries of the world tends to make one pessimistic about the prospects of embarking on any new projects or programmes. On the other hand, history has shown that co-operative enterprise has come into existence and developed in times not unlike those we now face. If we are to learn from this lesson of history, now is the time we should be aggressively looking at how, in each of our countries, we build for the future. In my own country, government leaders, as part of their discussions with various sectors on inflation and economic recovery, have met with

* A talk presented at the Third World Insurance Congress in Nairobi, Kenya, June 5-11, 1982, where Murray Maxwell, Vice-President and Corporate Secretary of The Co-operators, Canada, represented The Insurance Development Bureau, a committee of the International Co-operative Insurance Federation, which is an affiliate of the International Co-operative Alliance.

co-operative leaders and have responded favourably to the positive role of the co-operative movement in economic development. Expanded co-operative development may be a major component in achieving economic stability in your country.

Co-operation seems to be a basic human attribute. We find it in most societies and pervading many types of human interaction. After all, what is more natural for people than to work together, to help and be helped by others, and formalise this self-help grouping into a co-operative? What is a co-operative? We might begin with a description from the report on co-opertive insurance to the UNCTAD: "A co-operative is essentially an organisational instrument enabling small producers and consumers to pool their resources to secure the economic advantages of scale – a principle which is particularly applicable to insurance which is based on spreading risks over as large numbers as possible." Let us look at four distinguishing characteristics of co-operatives and their application to insurance.

## The Four Fundamentals of Insurance Co-operatives

The first of these is democratic ownership and control. In other forms of enterprise, the investors, the users, and those who control the organisation are frequently different groups. The essence of the co-operative approach to any form of enterprise is to try to bring these three groups into one. Thus, the co-operative is composed of those who use its services and who in turn own it, provide capital to it and control the direction it takes. A local consumer co-operative, for example, is owned by its users, and through some form of election process, these member-owner-users determine the make-up of the Board of Directors and the major policies of the co-operative.

In the realm of insurance a mutual company would seem to be a purely co-operative form of enterprise. A mutual is owned and controlled by its users, namely the policyholders. But most mutuals do not satisfy the other aspect of the desired identity; because the owner-users, that is the policyholders, lack effective means of control.

Many co-operative insurers are formally registered as mutuals but these companies have taken special steps to ensure that they are governed in the interests of the policyholders.

The major alternate form of corporate organization for an insurer is a joint-stock company, that is, a company owned by its stockholders. At first sight, a joint stock company would seem to be a less appropriate form of corporate organization for a co-operative. For here, the identity between owner, user, and controller would seem to be less. However, co-operative insurers have incorporated in this manner and then have devised means of enabling the organizations to be controlled in the interests of the policyholders. There are two principal means of doing this. The most common is to have the co-operative insurer controlled (and sometimes owned) by other co-operatives who have more frequent interaction with their members and who are motivated to act in the interests of their members within a co-operative framework. In Canada, The Co-operators Group Ltd is one example of such an organization. It is owned and controlled by thirty-five co-operative and credit union centrals and farm and labour organizations. These co-operatives range from financial services, to grain marketing, to fisheries and retailing. The Board of the insur-

ance company is made up of directors of these other co-operatives elected on a regional basis. As such, it provides effective control of the co-operative by its users through their representatives.

In other countries, organizations which represent the working people, usually labour unions, often share in the control of an insurance co-operative. And, some co-operatives make provision for the election of a small number of their directors directly by and from their individual policyholders.

This brings us to the second characteristic of co-operative insurers. It is that the co-operative insurers are operated in the interests of their member group, i.e. working people who form the majority of the population. Because their resources are not great, and because they may be exposed to considerable risk, their need for good security at reasonable rates is very high. This means that co-operatives will try to devise policy coverages, marketing approaches, and costing that will meet the needs of their policyholders. Co-operatives are not in business primarily to make profit but to provide service. This is not to say that a co-operative does not operate to make a profit. It must do so, to finance growth and expand services. This leads co-operatives to make decisions differently from other forms of enterprise. For example, a co-operative insurer will tend to be conservative in underwriting risks to safeguard the interest of the members of the co-operative. It also means that a co-operative insurer can be expected to innovate in order to provide more effective coverage even if this means lower income to the co-operative. For example, it might introduce group life coverages to replace individually purchased insurance.

The third characteristic is that co-operatives provide an innovative approach to the handling of profits or surplus. Co-operatives are committed to people, rather than to investments, and a common provision is that share capital should receive a limited rate of return, if indeed, any at all.

This principle means that operating surplus, after the setting aside of reserves, is available for distribution to the users or that rate increases are deferred in proportion to the patronage or use the member has made of the co-operative during the year.

This reflects the concept that the co-operative is in business to provide service at cost. If profits are higher than required for growth and financial stability, the price of the service was set too high at the outset and so the surplus should be paid back to the users in proportion to their patronage.

The fourth characteristic is reflected in the co-operative insurer's approach to investment, which is distinctive. All insurers build up substantial reserves for actuarial liabilities, claims in process of settlement, unearned premium, etc. The precise character of the investment portfolio varies depending on the type of insurance and government requirements. Life insurance, for example, requires a longer-term, lower-risk portfolio to ensure the safety of actuarial reserves.

The co-operative approach is to invest in sócially beneficial ways by concentrating on investments in co-operatives, public authorities, and other domestic enterprises which contribute to the building up of a sound economy and society. It avoids high-risk or speculative ventures.

## Necessity of a Pre-existing Regional Co-operative Movement

Having dealt with co-operative principles rather extensively, we should be

able to identify the particular advantages of co-operative insurance in developing countries.

In most of these countries, insurance is not a highly developed industry. It is unusual to find coverages specifically designed to meet local requirements. The common people rarely have an opportunity to obtain adequate insurance protection. Because of its indigenous roots, co-operative insurance can meet the insurance needs of co-operatives of varied types: agriculture, transport, marketing, savings and loans, housing, etc. It can also meet the insurance needs of the members of these co-operatives and of the public more generally.

Co-operative insurance is likely to be lower-cost. This is due not only to the absence of the profit motive, but also to a co-operative insurer's ability to market group programmes through other co-operatives and through other forms of people's organizations. As the insurer develops, its scale of operation brings cost advantages as well.

Co-operative insurance helps to make the population insurance-conscious. The educational orientation of co-operatives brings about a better understanding of insurance, its role in personal security, in business and national development.

Co-operative insurance also brings under domestic control an area of the economy that is probably not served either by foreign or domestic carriers which lack the desire, skill and orientation to be effective in meeting the needs of the bulk of the population. Co-operatives, by making the people responsible for their own economic destiny would leave government funds now used for social aid, free for national development.

Another advantage is that the democratic control of co-operative insurers provides a developmental experience in itself. Delegates and directors of the insurer achieve an understanding of the requirements of sound, socially oriented, enterprise management. They are also the assurance that the co-operative maintains its orientation to the needs of the population.

Co-operative insurers cannot be formed in a vacuum. There are certain requirements for their successful initiation. Some of these are common to all forms of enterprise and all forms of co-operatives. I wish here to focus on one which is rather unique to co-operative insurance. Because insurance is a specialized activity, it has generally not been found feasible to begin a co-operative movement by forming an insurance co-operative. Instead, insurance co-operatives in most cases require the existence of a network of some other form of co-operative activity which can provide the base for the insurance operation. These may be savings and loan co-operatives, agricultural co-operatives, or consumer co-operatives. It is the membership of these co-operatives which has the need for insurance services, and it is the officers of these other co-operatives who can provide the initiative and early support for an insurance programme.

In many countries (Botswana, Uganda, and Zambia, for example) co-operatives, often with labour union support, form an insurance agency as a starting point. This agency earns commissions on the business and places it with standard companies operating in the state, providing a base for building a volume of business which the agency controls. More importantly, it helps train some people to work on insurance from a co-operative base. When the agency builds an adequate volume of business, has built up capital reserves, and has a trained staff, it is often a simple

step to incorporate an insurance society. For many countries, the Insurance Development Bureau recommends this procedure for beginners. If the agency is not successful, a company is not likely to come into being.

Another key factor is the relationship between co-operatives and the state. Co-operative insurers operate within the rules and regulations which apply to all insurance companies. In many countries, state insurance provides certain coverages to all residents or citizens, or state regulations limit the kinds of insurance which can be sold. The local and democratic control of a co-operative insurer ensures that its programmes will be in accord with local requirements.

The role of the state is to provide a supportive environment in which a co-operative insurer can meet the needs of its members within the framework of the country's customs and regulations. Co-operatives which lose their autonomous character and become instruments of the government are rarely successful. In these situations, the popular and voluntary support so crucial to the co-operative's success usually vanishes, and with it the viability of the co-operative institution.

## Difficult Circumstances

So far, we have examined theoretically the characteristics of co-operative insurance and the reasons why it lends itself to developing countries. In mid-1980 UNCTAD reviewed the state of insurance in the Third World. Let us review its conclusion on the insurance industry within which co-operative insurance must operate:

1. There are too many insurance companies competing for a limited amount of premiums written in vested fields of interest. There is need to broaden the insurance base.
2. While the volume of premiums is small, loss ratios for motor or auto insurance are well beyond 100 per cent of premiums. Adding to this continued threat of insolvency is the political freezing of insurance rates at totally uneconomic levels.
3. Many local insurers replaced foreign insurers but now carry local risks without an umbrella of local insurance laws and coverages suitable to the particular country. Patterns left over from foreign insurance have led to serious distortions.
4. The growth of "captive" insurance companies created by large concerns to insure their own risks has raised questions about adequate control. Mismanagement in some companies has sometimes led to insolvency and left consumers without protection. Poorly trained and educated supervisory staff further aggravate the disorganized nature of insurance business.
5. There is a lack of adequate statistical data allowing any reliable evaluation of the cost of outward reinsurance to the Third World. Plus, there is the cyclical "overcapacity" in worldwide reinsurance. The eagerness with which a large number of international reinsurers and brokers offer coverage on very competitive terms, without a solid financial base, can lead to catastrophic bankruptcies.
6. There is a strong need to increase genuine local insurance activities and improve insurers' technical and economic performance in the Third World.

This last conclusion undoubtedly points to co-operative insurance as the most effective means of achieving

genuine local development. But co-operative insurers face no easy task. The local domestic markets are mainly concentrated in large cities. To build a broad, solid base, it is important to get insurance out to rural areas. This poses a number of challenges.

## Interest the Rural Population

The first and foremost is the barrier of tradition. With subsistence agricultural existence, reliance on fate, and extreme odds against meeting basic necessities of food, shelter and clothing, there is not a readily perceived need for insurance. A sales representative has his job cut out for him. Insurance should be presented and sold not only as security and protection but as part of a co-operative effort to help improve and maintain the standard of living for everyone.

Rural societies are undergoing a slow but noticeable change. More and more young people, instead of continuing the family calling, where they were considered a form of security like insurance for parents, are leaving for cities. The time is ripe to fill this void in the lives of the older generation with the idea of co-operation.

Lack of adequate communication channels presents another challenge that is particularly hard to overcome. Perhaps, we should simply accept the fact that things will move relatively slowly until economic development spills over into rural areas.

The key challenge, however, seems to be translating concepts of co-operation and insurance as they are generally understood in the industrialised world into a level where they can be understood, accepted and practised by the local people. Credit unions, co-operatives and insurance in rudimentary forms have been part of the rural culture for centuries. There is a need to appreciate these elementary modes of co-operation and pooling of resources and build on this understanding. Some of these cultural nuances may be foreign even to a city-born-and-bred youth in the same country. The necessity of nurturing a genuinely local co-operative insurance enterprise, through people who are truly a part of that culture, cannot be overemphasized.

## Advantages of Co-operative Insurance

In summary, in no country should a co-operative insurer expect to succeed by competing in the same market existing insurers are adequately serving. But, the prospects for a successful co-operative insurance programme in any Third World country are dependent on the following factors:

1. a strong co-operative movement with, where possible, the support and involvement of the labour unions;
2. support of a large membership base, including the rural sector, with special needs which can be met through their own controlled co-operative;
3. a government that is supportive of co-operative enterprise and provides the inspection and control to assure insurance companies can meet their liabilities;
4. adequate capital to finance the programme in the start-up and development stages;
5. competent management.

The Insurance Development Bureau of the ICIF, through its secretariat using qualified staff of existing co-operative insurance organizations, is prepared to help Third World countries determine the prospects within their own country by:

1. Undertaking feasibility studies of co-operative insurance prospects

and advising co-operative movements on the suitability of establishing insurance operations.

2. Providing technical guidance and assistance, such as experts and staff training, to new insurance co-operatives.
3. Arranging reinsurance for new societies through the International Co-operative Reinsurance Bureau.

The IDB and members of ICIF do not provide capital or equipment but have established a risk fund to guarantee loans for capital that may be borrowed to start a new society.

Insurance is a technical enterprise which requires sound management and careful planning. It demands both a deep understanding of the principles and operating requirements of insurance, and insight into the needs of ordinary people. Various forms of insurance seem quite essential to progress in development. Insurance is the only way to avoid reversals from disasters that would otherwise set back development of particular projects. The co-operative approach to insurance is capable of meeting many insurance needs in developing countries. Co-operative insurance can take many forms and shapes corresponding to each country's particular need.

# IMPORTANT EXPERIENCES OF AFRICAN CO-OPERATIVES

A summarized version of a report by **E. M. Anangisye,** Regional Director, International Co-operative Alliance, Moshi, presented at the Moshi Co-operative College Twentieth Anniversary Symposium in January 1983.

## INTRODUCTION

*The subject is a vast one because one is dealing with a continent with about fifty states. Moreover, there is not much reliable published information about the matter. However, within these limits I have managed to get some fairly good information about more than ten countries including Botswana, Zambia, Tanzania, Kenya, Egypt, Upper Volta, Ivory Coast, Nigeria and Ghana. My bias towards Eastern, Central and Southern Africa will have to be excused on the grounds that I am presently covering this area as an official of the ICA Regional Office. There are similarities of experience among most of these countries. Comparative studies on the African Co-operative Movement offer enormous possibilities.*

## What Co-operatives Can Do

Today when, after about twenty years of political independence, the African continent is caught in the web of a world economic crisis it is imperative that it defines its order of priorities, works out clear policies and programmes and sets up the appropriate mechanism and infrastructures with which to achieve its goals.

For example, many African countries have decided to give top priority to food and agricultural production. This is the case with Zambia, Nigeria, Ivory Coast and many other countries which have decided to devote a lot of financial and other resources and goodwill to working towards food self-sufficiency. For it has been realised that a hungry nation faces the risk of losing its independence by using its scarce foreign exchange to import food. It is being increasingly felt that it is the agricultural economy that determines the prosperity of an African nation as a whole.

What would be the most appropriate form of mobilising an African nation to ensure that it produces sufficient food? Some would say that private farmers should be left to carry out food production programmes. Others may point to state or state-dependent farms as being the most appropriate institutions to carry out such a programme. Others advocate a combination of both approaches. Finally, there are those who think that the co-operative movement is emerging as the most reliable institution for carrying out a programme which involves mobilising the small African farming peasants to undertake a massive programme for food self-sufficiency: This is our conviction. The co-operative movement offers the best means for the African peasants to keep

themselves going during difficult times, politically, socially as well as economically.

In Uganda, during the Amin regime, all types of infrastructures in the rural areas, including local governments were completely shattered except the co-operative organisations which remained intact and continued to serve their peasant members.

Even after the liberation of Uganda from Amin control the new Government has continued to rely upon the co-operative movement in reviving its agriculture which is crucial to the revival of the economy as a whole. The Ugandan agricultural co-operative network is ensuring that the peasant has a reliable network for procuring and distributing the crucial agricultural inputs like improved seeds, fertilisers, pesticides, farming implements, equipment, animal feed and drugs and marketing the surplus produce.

In Zambia, in 1981, the Government decided to transfer all the agricultural marketing functions from the parastatal National Agricultural Marketing Board (NAMBOARD) and hand them over to the co-operative movement.

In Tanzania steps are being taken to restructure the co-operative movement so that co-operatives take over functions of the present state crop authorities. In Gambia, co-operatives are handling over 70% of the groundnuts, the only important cash crop in that part of Senegambia. In Mali, one of the Sahel countries which faced a poor economic outlook, the co-operative movement is now structured and covers the whole of the country. The co-operative sector in Mali continues to play a growing role. In Egypt, co-operatives now occupy significant positions in agriculture, small industry, consumer sales and housing. Actually co-operatives now cover the entire agricultural sector and almost all farmers are co-operative members. In Kenya, 40% of the economy is now controlled by the co-operative movement which is widespread in the sectors of agriculture, livestock, fisheries, savings and credit, housing, consumer, industrial, handicraft, banking, etc.

Many other African countries are taking steps to strengthen their co-operatives, realising that in their situation the co-operative movement is emerging as one of the major means to economic salvation. It enables the small peasant farmers to come together in a spirit of self-help and mutual interest and work to promote their economic welfare, and gives them control of the mechanisms which allow them to advance their economic and social interests.

In Tanzania, areas such as Kilimanjaro, Bukoba, Rungwe and Ngoni-Matengo where co-operatives were introduced before independence are more advanced economically and socially than areas where they were introduced at a later date. The Sukumaland, along Lake Victoria, only started to make economic progress after a powerful co-operative movement, headed by the Victoria Federation of Co-operative Unions, had been established by the population. Similar examples of progressing rural areas with developed co-operatives are found in Ghana, Nigeria, Zambia and Kenya.

## Non-Agricultural Co-operatives

Apart from the common agricultural co-operatives there are co-operatives for livestock, fisheries, beekeeping and other essentially rural purposes and also non-agricultural co-operatives like the industrial co-operatives, savings and credit societies, consumer movements, housing co-operatives and so on.

Some of these non-agricultural co-

operatives are developing very fast, for example, the savings and credit co-operative societies in Kenya. By the end of 1981, the membership of the Kenya Savings and Credit movement was about 750,000 with the total share contribution amounting to K.Shs. 1.8 billion. The Harambee Savings and Credit co-operative Society alone has about 35,000 members with total share contribution K.Shs. 117 million and member withdrawals amounting to K. Shs. 80 million.

"In Tanzania the Bandari Savings and Credit Society, Police Savings and Credit Society and the Ukiliguru Savings and Credit Society are among the best in the region. The popularity of the savings and credit movement is due to its proving to be more beneficial especially to the low-salaried workers who are able not only to make savings, but also to get loans for use in times of need like payment for children's school fees, deposits for house purchasing etc."

Similar success stories can be found in other types of co-operatives. The Mauritius Agricultural Credit Movement virtually controls the Mauritius Co-operative Bank. The Consumers' Co-operative Movement in Botswana has a chain of supermarkets and other retail outlets and has enabled the population to have some good footing in the national wholesale and retail business which is otherwise foreign dominated.

Lesotho has some successful housing co-operatives. Other countries with housing co-operatives are Ghana, Tanzania, Kenya and Zambia. Such housing co-operatives enable their members to obtain plots of land, housing infrastructure of water and electricity, housing loans, building materials and technical and consultancy services. All these functions would not be easily acquired by an ordinary person without co-operatives.

Tanzania has possibly some of the most advanced industrial co-operatives in Africa. There are about 200 in the fields of tailoring, carpentry, kitchen knifemaking, bolts and nuts, garage, metal works etc. Industrial co-operatives are more difficult to start and run than other types because they need bigger initial investments and also more labour discipline. But they are proving to be very good in mobilising skills for industrialisation and the creation of employment especially for young technical graduates.

There are also handicraft co-operatives in Lesotho, Botswana, Tanzania, Kenya, Uganda and Ethiopia. In Uganda there is a handicraft apex union called Tusitukirewamu Handicraft Co-operative Union, with nine affiliated societies and 1130 individuals, which is controlled by women. The ordinary handicraftsmen use these co-operatives to market their products both nationally and in exports. In some cases, the handicraft co-operatives help to purchase raw materials and tools for workers, organise training and construct working facilities.

Co-operative banks are very suitable to the co-operative approach. You find successful co-operative banks in Mauritius, Kenya, Uganda, Botswana and Nigeria.

"Insurance co-operatives enable co-operatives to retain finances that are usually paid to the private insurance companies. This insurance money is used to start industrial and commercial co-operative projects. Such co-operative insurance societies and agencies already exist in Uganda, Kenya, Tanzania, Zambia, Botswana, Nigeria and Ghana."

## Co-operatives in the Colonial Period

In many African societies, traditionally, people have been working together on the basis of mutual self-help. They were able collectively to help one another in farming, erecting houses, building canals and so on.

After the establishment of the colonial government, especially in the Francophone areas, the French wanted to encourage the traditional inclination towards mutual help by creating some provident societies for farmers, fishermen, breeders and artisans similar to the other societies that were established in Tunisia, Algeria and Morocco. They started in 1910 with the indigenous provident societies that were called "Sociétés Indigènes de Prévoyance" (SIP) later (in 1953) renamed "Sociétés Mutuelles de Production Rurale" (SMPR) and finally (in 1956) renamed the "Sociétés Mutuelles de Développement Rural" (SMDR). Unfortunately, these organisations were quasi-Governmental, thus small farmers saw the co-operative movement as enslaving constraints, and not as an agent for development. Mamadou Dia of Senegal writing about the same societies said they were:

> "Quasi-governmental organisations, based on authoritarian methods, which right from the beginning started being removed from their real educational aims. Far from encouraging the native provident tradition they have largely contributed to creating and developing improvidence through untimely interventions which removed them from their aims. As quasi-government organisations they were unfitted to prepare the ground for the co-operative movement in which democracy is a basic principle"

The French, in the name of African traditional providence, imposed these quasi-governmental organisations in all the West and Equatorial African colonies, now covering 14 independent states. As expected, immediately after independence, these States had to change these uncooperative institutions into genuine co-operative organisations.

In Anglophone Africa most of the co-operatives were introduced on the model of the Indian Co-operative Law. Starting with Mauritius where a co-operative act was passed in 1913, other co-operative laws were passed in Egypt in 1923, Ghana in 1931, Tanzania in 1931 and Liberia in 1936. While the Indian Co-operative Law model was better than the French one and worked well in Mauritius, in some cases it was inappropriate because the objectives were not the same as those in India where the laws worked to remove indebtedness among poor peasants. In Africa there was need for a model that would help peasants to improve agriculture and earn better income. However the Indian Law encouraged a situation whereby, in countries like Nigeria, Tanzania, Ghana and Uganda, co-operatives grew from below rather than being imposed from above. Such a situation led to a fairly autonomous co-operative movement even though it had a registrar of co-operative societies who would keep a very close eye on everything.

In Kenya, Northern and Southern Rhodesia (now Zambia and Zimbabwe) with substantial white settlers' communities there were what we may call "White Reserved Co-operatives" in which African "natives" were not allowed to join. This started in Southern Rhodesia in 1906 and in Northern Rhodesia in 1914. In French colonies also some "Whites Only" consumer and agricultural co-operatives were

formed in 1931 and 1932, flouting basic co-operative principles of open membership and non-racialism. However, this situation soon changed and, in Kenya where an act was passed in 1931 for European farmers only, a further Co-operative Ordinance was passed in 1946 as part of a programme to involve African Kenyans in development activities and a co-operative department headed by a registrar was established. There were similar developments in Zambia in 1948 when a co-operative ordinance was passed and a co-operative department established. But the intergration between the "White" co-operatives and the African co-operatives happened only after independence.

In some cases there was strong revolt against foreign economic domination and oppression partly due to conflicting economic interests. Hence in the Sukumaland in Tanzania the names of co-operative organisations like "Kiguna Bahabi" (Protector of the Poor) and "Idetemya Bageni" (Dread of Foreigners) were selected to describe their objectives or motivations.

Thus the co-operative movements were able to to start and grow successfully because their stated objectives were very clear in the minds of the people and the initiative came from the people themselves. Many studies have shown that the most important conditions for having a successful co-operative organisation are clarity of its objectives and motivated participation of members in its management through general and committee meetings. Even if co-operatives are encouraged from outside it is still vitally important that the people are fully educated in this respect. Many co-operative organisations failed in Africa because these conditions were not fully appreciated after political independence was achieved.

## After Independence

Many newly independent governments wanted to revolutionise the economic and social standard of living of the general population. They built more schools, hospitals, roads, drinking water facilities etc. People were to join hands with their new governments in constructing projects and achieving the stated goals through self-help schemes. The response was tremendous.

These independent African states encouraged co-operatives as a means of increasing earnings and improving their economic standard of living. The response of the population in favour of the co-operatives was also very good. In Zambia, where after independence, co-operatives were seen as a means to promote humanism and increase rural production and income, there was a dramatic increase in the number of co-operatives from 220 and 1966 to 1,120 in 1968/69. In Kenya, the number of registered co-operatives doubled between 1963 and 1966.

This rapid expansion gave no time for creating the necessary supporting infrastructure such as appropriate financing institutions, co-operative and business training centres, storage and transportation facilities and adequate distribution mechanisms. The co-operative extension services and supporting manpower of both the government and the movement were over stretched. In Zambia agricultural producers' co-operatives were introduced as instruments of accelerated development and grew rapidly (635 new co-operatives between 1964 and 1970). However, they lacked adequate agricultural officers and grew too rapidly without establishing adequate material and technical bases.

Obviously there was no opportunity for proper education of the new mem-

bers. Moreover, such rapid increase in the number of co-operatives did not allow for proper selection and training of the managerial staff. Co-operatives are business enterprises which need skilled management – a concept that was difficult for the new African leaders to appreciate. They thought that as they had been able to overthrow the colonialists by mobilising the African masses, then the co-operatives of the masses should also succeed.

Such an approach proved fatal to the Co-operatives which otherwise could have been a useful economic instrument for mobilising the African masses to emancipate themselves from economic backwardness. The co-operatives were not able to meet the demand for goods. In Tanzania, in 1966, a Presidential Commission of Inquiry was set up to explore the problems of co-operatives and marketing boards. In Kenya, other studies discovered that the new committees were inexperienced and that staff training had not kept pace with the rapid expansion of co-operatives. Mismanagement and misappropriation of funds were frequent, resulting in disillusionment.

In Ghana, in 1960, three years after independence, all the co-operative organisations were dissolved and merged into what was called United Ghana Farmers' Co-operative Council and the Department of Co-operatives was abolished. In the Ivory Coast all co-operatives were dissolved towards 1963-1964. In Lesotho and Tanzania agricultural co-operatives met more or less the same fate.

Besides the problems stated above, there were others responsible for such dissolutions. For example political conflicts, especially in multi-party states such as Ghana, and ideological questions which in a way played a part in dissolving agricultural primary societies in Tanzania. But these problems were partly fueled by the presence of the traditional co-operative problems.

## Lessons from the Past

During the past fifty years Africa has been able to accummulate knowledge and experience from the launching and performance of co-operatives. Africa is now better prepared to start genuine co-operatives that will be useful to the people and acceptable to them. The so-called co-operatives that have been initiated and imposed from above have all been short-lived, since a major condition for co-operative success is voluntary and democratic participation. The question is whether those authorities interested in promoting co-operatives are prepared to educate people in this respect. For we have seen that a lot of co-operatives failed because there was more interest in counting the number of registered societies than in ensuring that their prospective members understood the principles of co-operation. Experience shows that unless some time and effort are given to educating people about co-operatives it is useless to start them. Some countries which now have very strong co-operative movements spent years implementing massive education programmes prior to establishing the co-operatives. It is encouraging to see the co-operative colleges of Tanzania and Zambia now emphasizing mass co-operative education through correspondence, radios, study circles and, in some cases, mobile campaigns. Attempts by the other African countries like Mauritius and Kenya to introduce co-operative education as a major school subject go a long way in preparing the future generation to have tools for their economic self-management. All these developments show that Africa is taking serious steps to educate the

people about co-operatives prior to establishing them. It is heartening to note that in Zambia, Kenya, Tanzania, Ivory Coast and Egypt steps are being taken to organise commercially viable co-operative organisations. Moreover, there are endeavours to build and expand colleges and training centres that will produce skilled people.

The relationship between co-operatives and the government is important. As we saw historically, too much control over co-operatives turns them into mere government agencies without democratic control. The governments in developing countries can play a positive role in encouraging, promoting and supporting the Co-operative Movement. However, governments should help co-operatives to become autonomous and viable organisations. Obviously, it is difficult for civil servants to contribute to a concept which may eventually make them redundant. However, even an autonomous powerful co-operative movement requires a strong co-operative department at government level.

## The Future of Co-operatives in Africa

The Co-operative Movement is on the upswing in most African countries. Many new co-operatives are being registered. The governments concerned are paying more attention to the co-operative movement especially in countries like Mauritius, Kenya, Uganda and Lesotho with full fledged Ministries of Co-operative Development. Co-operative training centres are being established and financial infrastructures are being set up. Finally, national policies and legislations to facilitate smooth operation of the co-operatives are being enacted. One cannot imagine a successful economic future for Africa without co-operatives as the economic salvation of the continent depends on the Africans themselves, on the basis of self-reliance and mutual help. So the operational phrase is "Organise peasants in co-operatives to achieve food sufficiency and develop agriculture".

There is also a lot that can be done to ameliorate the standard of living for African city dwellers through establishing consumer, industrial and housing co-operatives and savings and credit societies. Lack of shelter, unemployment, insufficient incomes, the exorbitant prices of hoarded goods and many other urban problems could be reduced by people themselves in the spirit of self and mutual help through co-operatives.

It is true that the co-operative movement is not the panacea for all of Africa's problems. Co-operatives have had their share of problems and setbacks. However Africa has learnt by identifying and solving these problems and now the African Continent can look forward to building up a powerful co-operative movement unhindered by past problems of ignorance and lack of experience. At this juncture of African economic and political history, a country ignores co-operatives at great cost to its economy and nationhood.

THEORETICALLY, the principles regulating admission to a co-operative are simple. The act of joining should be voluntary. However, from a practical point of view the circumstances, whether seen in a legal or a social light or in an economic context, make the problem more complex.

The principles outlined in the following text were defined during the Vienna Congress in 1966. These are extracts from an inclusive publication *"The Report of the ICA Commission on Co-operative Principles"*.

Even though these principles are set out in detail they leave a large margin for freedom of interpretation, the goal not being to make an inflexible code of rules but to allow for maturation and change. The development of certain of these principles appears in other co-operative literature such as Dr Laidlaw's "Co-operatives in the Year 2000". It is interesting to compare these texts in order to perceive the legal dynamism of the Co-operative Movement.

# MEMBERSHIP OF A CO-OPERATIVE

*Extracts from the last report of the ICA Commission on Co-operative Principles. Headlines and subtitles have been added by the editor.*

## Fundamental Principles

It has been usual in the past to describe the principle of co-operative membership by such words as "Open" and "Voluntary". For several reasons the Commission felt that these brief descriptions do not bring out fully the characteristic features of the relationship between a co-operative institution and its individual constituents. One fundamental consideration, which corresponds fairly closely to the facts and normal practice of co-operative societies of all types, is that those who make appropriate use of a co-operative society's services should and do become it members and, conversely, that the membership of a co-operative consists of persons with needs which its services can and do supply. Another fundamental consideration springs from the very nature of the Co-operative Movement which is at once a social movement seeking to increase the numbers of its adherents and an economic organism capable of expanding and occupying wider fields of activity. Its attitude to persons eligible for membership is, therefore, normally to welcome them when they wish to join it and, even more, to encourage and assist them to join societies appropriate to their situation and needs.

Obviously, the whole group of questions involved in membership can and must be studied from two complementary standpoints, that of the individual and that of the co-operative. The freedom of each – the individual and the co-operative – to consult its own interests and act accordingly – needs to be reconciled and blended with that of the other. On the one hand, the individual should be free to join a co-operative and share its economic and social advan-

tages on an equal footing with other members. That implies that he must shoulder his due share of responsibility also. But he should not be coerced into joining, either directly, by legal or administrative compulsion, or indirectly, under social or, possibly, political pressure. His decision to apply for membership should normally be the result of his unfettered appreciation of co-operative values and consideration of his economic advantage, including that of his dependants. He should be free also to withdraw from a co-operative when he finds that he no longer has any need of its services or when the co-operative is unable to supply his needs.

In the nature of things, this freedom can rarely, if at all, be absolute. It can be modified or overridden by other considerations of wider application and greater essential validity. A government which is assisting a farmer to reclaim land on which he is to settle may not unreasonably impose membership of a supply or marketing co-operative, at least for a limited time, as a condition of its assistance or support, in the interests of the farmer himself. A producer or group of producers may in effect sabotage the efforts of a voluntary co-operative to improve the marketing position and incomes of producers by refusing to join it and so giving a foothold to opposing, maybe reactionary, economic interests. In order to counteract this government may intervene with legislation compelling all producers to join a co-operative or at least to market their product through it, if a prescribed majority of the producers vote in favour of such measures. Other examples may be cited, where the refusal of a small minority of individuals, after every effort has been made to persuade them to join a co-operative, say, for managing an irrigation scheme or for providing and using pesticides or adopting a new system of cropping with the prospect of much higher yields, may frustrate the whole plan of action. In such cases, refusal to join the co-operative is essentially anti-social and can be justifiably overridden in the interests of the whole community, provided that all the circumstances of the case are taken into account and safeguards adopted against the abuse of power through the extension of compulsion in circumstances where it is unnecessary or inappropriate.

A co-operative, on the other hand, also needs freedom to modify its welcoming attitude to applicants for membership, even to the point of refusal, as well as to have in reserve powers to terminate membership if the interests of its members as a body so require.

It is a mistake to interpret the rule of "open membership" in the sense that all co-operatives are obliged to enrol all persons who may apply to join them. Open membership has never meant that. The Rochdale Pioneers at no time attempted to apply such a rule, for one very good reason that their society, witness the celebrated "Law First", was conceived as something more than a retail distributive enterprise; it was a community in embryo; its growth and success would depend greatly on internal harmony which might easily turn to discord, as earlier experiments had shown, through the admission of bad characters, irresponsible individualists or trouble-makers. Nothing is to be gained and much may well be lost by bringing in a person who unsettles the cohesion of the membership. In the same order of ideas the savings and loan bank or credit union may be justified in refusing to admit an applicant known not be be creditworthy. Another kind of limiting condition, imposed for the sake of orderly and economical working or of

avoidance of unhealthy competition, is the exclusion by one society of would-be members from the territory served by another. Several instances of similar obvious limitations on the unfettered admission of members may be cited by examples from all forms of co-operative societies.

## Consumer and Producer Co-operatives

It may also be stated as a general proposition that persons or associations who desire to join, or to form, a co-operative for dealing in produce or labour other than their own or of their own members, cannot be said to act in pursuance of the basic co-operative principle – that of association among persons, considered as human beings with equal status, for mutual service.

Taking account of the preceding limitations, it would seem that "open membership" in a very broad sense can and should be the universal practice of consumers' co-operatives, if only because every man, woman and child must consume to sustain life. In the case of other organisations, however, there are further obvious limitations on the admission of members. For instance, the very specialisation of producers' co-operatives, whether promoted by artisans or wage-earners engaged in the same trade or industry or by farmers or cultivators, automatically limits their membership to persons interested in a given product or range of products and excludes others who have no such interest. For example, cultivators not interested in citrus-growing for the market have no place in a citrus-marketing society, but a citrus-marketing society would not be acting in a fully co-operative spirit, if it closed its membership against applicants for membership who were citrus-growers. In general terms, the essential consideration is that, if an individual has interests within some specific field of service for which a co-operative is formed he should be regarded as eligible for membership and, if he applies, admitted, unless he is personally unacceptable on some obviously justifiable grounds similar to those indicated above.

In the case of the workers' productive societies, the members of which find their daily employment in the society, limitation may justifiably be stricter. Not every worker who may seek employment or membership in such a society can or ought to be admitted, because the society's capacity to employ its membership and add to the number of workers who may be applicants for membership is itself limited. Again, a limitation adopted by some of these societies on prudential grounds is the fixing of a probationary period for candidates for membership, in order that those who are already members can make sure that the new entrants will posses the necessary degree of technical skill and have sufficient regard for the interests of the society. The fact that these limitations may be capable of abuse by some co-operative associations does not make them unreasonable in themselves, though continued employment of workers to whom membership is being denied would offend against open membership.

Another important class of co-operative which may be obliged to limit their membership are the housing societies which are engaged in supplying a commodity which is naturally limited in supply and can therefore only cater for a limited number of persons. They cannot guarantee that all who may want to join them will obtain within a reasonable time the house or flat they may desire and the only fair course may therefore be to close their membership

register until vacancies actually occur. In these cases the essential question has to be posed in the converse way; has the society tenants who have been denied the right to become members? If the answer is no, the society is not acting in an unco-operative spirit.

The preceding examples, without being exhaustive, may serve to illustrate the natural limitations to which the admission of members to co-operative societies may be subject. These notwithstanding, co-operation can maintain its proper character as a voluntary movement offering to share its benefits with all who need them, only if co-operative societies of every type unreservedly accept their obligation to admit to membership anyone who, in return for these benefits will undertake in good faith to fulfil the duties which membership implies. Regulations, policies and practices which are exclusive in their effects, reserving to a select few what should be open to all, are unacceptable restrictions.

## Circumstantial and Ideological Restrictions

One kind of restriction may be called economic since it consists in the erection of barriers which some people eligible for membership may be unable, for economic or financial reasons to surmount. If a society requires new members to pay entrance fees or subscribe a minimum shareholding which are beyond the means of any appreciable number of possible applicants, so that they are deterred from applying for membership, it is acting restrictively. Stating the essential consideration positively, it would be correct to conclude that the entrance fee (if any) and the value of the minimum shareholding should be fixed at amounts which the poorest prospective member could pay without hardship. The general practice of co-operative societies for generations past has been in the direction of easing the conditions of admission by allowing shares to be paid up in instalments or out of accumulated savings on purchases or sales (patronage refunds) and by abolishing entrance fees, but there are limiits set to these facilities by the capital requirements of the societies. Within the last 20 years or so these limits have tended to be drawn tighter, partly by reason of monetary inflation, partly by reason of the greatly increased capital requirements in order to finance business expansion and structural reorganisation to meet competition of unprecedented severity. Certain national co-operative movements have thus been obliged to raise the nominal value of the share or the number of shares to be held as a minimum, a measure which would appear to be entirely justified, provided that the new figure does not have restrictive effects on the admission of new members. Under conditions of high and stable employment and rising wages the restriction may not be appreciable, but any proposals for raising minima may well be examined from this angle before they are adopted.

A second kind of restriction may be indicated by the term "ideological" for lack of something more comprehensive which would include the most important matters which tend to divide people in society, irrespective of their economic situation and needs. The chief of these areas of conflict have been in the past and still tend to be in the present, politics and religion. Distinct from but partly overlapping these are race, colour, caste, nationality, culture, language any of which can provoke intense and sometimes chronic hostility. From the Co-operative Movement's earliest days wise co-operative leadership realised that if a co-operative soci-

ety was to maximise the economic power of its membership, actual or potential, it would be a mistake to exclude any person of goodwill on account of political opinions or activities, religious creed or lack of creed, race, colour or any other consideration not relevant to the economic and social purpose of the co-operative. And with few exceptions, that rule is followed today even by co-operative organisations which may have always had close affiliation with political parties or religious institutions. The important consideration is that the society shall demand from its members no other allegiance or loyalty than what is owed to itself and its own democratic decisions and shall admit all who are prepared in good faith to give their allegiance.

## Voluntary Membership Guarantees the Respect of Co-operative Principles

Before passing from the question of admission to other aspects of the relations of co-operative societies with their members, the Commission would point out that the consequence of restrictive policies in general is not simply to stunt a society's economic development, but to risk the deterioration of its character as a co-operative. The normal co-operative practice, as was indicated in a previous paragraph of this section, is that the members and the users of the services of any given co-operative society are one and the same body of people. Nevertheless in actual business life it is extremely unlikely that many societies, especially those trading in highly developed industrial or agricultural areas, can avoid dealing with non-members. A non-member is a potential member. If he uses a society's services once and is satisfied, he may well do so again. Many far-sighted societies accumulate his patronage refunds for him and when they amount to a minimum share, offer him the opportunity of membership and so of regularising his relations with it. On the other hand, in a society which pursues a policy of restriction, the existing membership tends to form an exclusive and narrowing circle, whose democracy becomes sooner or later suspect and whose business practice tends more and more to resemble that of profit-seeking enterprise. If it be accepted that the co-opeative system is one in which the motive of mutual service rather than profit is dominant, then the rule of "open" membership, with all the qualifications and modifications in its application already mentioned, provides indispensable safeguards against degeneration into business of the ordinary type. Thanks to open membership the shares of co-operative societies remain constantly at the nominal value fixed in the society's rules and can be acquired by any new member at that value. Trafficking and speculation in co-operative shares are therefore rendered profitless and do not arise.

## Members and Mere Consumers

Naturally the salutary effects of open membership are reduced if the distinction between members and non-members becomes blurred. Because they undertake the risks, it is members and no one else who are fairly entitled to share in the savings which a co-operative makes, but only in so far as these savings result from their own transactions with it. The society must itself be scrupulous in dealing with any revenue which accrues from dealings with non-members using its regular services; if it is not reserved for individual non-members as an inducement to

them to apply for membership, then it should be devoted to some purpose of common benefit, preferably for the wider community beyond the society's membership, In no case should it be added to the savings distributed to members, otherwise they would participate in profits in a manner that Co-operation expressly abjures. The distinction between members and non-members becomes increasingly difficult to preserve with the necessary clarity under contemporary trading conditions. The stores of the great urban consumers' societies of the highly developed countries stand open to the general public and in some countries the national Co-operative movement claims sale to the public as a right, or, at least, a condition necessary to the movement's growth and its effectiveness as a price-regulator. There is a disposition among a public pampered by advertising to take the benefits offered by the consumer co-operatives but to decline membership since that involves responsibility. Open membership as a means of keeping the door open to the younger generation and of admitting new elements which may revive democracy in a co-operative where it is becoming effete may nowadays be less effective than formerly, but it still has a certain value, especially where it is supported by the right educational policy – a subject to be discussed under another heading.

## Resignations and Exclusions

If an individual should be free to join a co-operative society he should be in principle free to withdraw from it. But in doing so he does not or cannot immediately shed the responsibilities he undertook when he became a member. He has an obligation to consider the interests of the society and the management of the society has the duty of safeguarding those interests, especially as cessation of membership normally entails a claim to the withdrawal of share capital. In this way the resignation of a single member with a large capital holding or the simultaneous withdrawal of a number of members may seriously inconvenience a society or even jeopardise its financial position. Societies' rules therefore rightly include provisions governing the termination of membership, the withdrawal or transfer of share capital and sometimes the period of a members' liability after he has left it. No member should be given any excuse for ignorance of the conditions he must fulfil if he leaves. In an earlier stage of the movement's development considerations of financial stability and safety induced Co-operators to prescribe in their societies' rules that members should hold a minimum of transferable as well as withdrawable shares, but in the older and well-established co-operative Movements today the tendency is to facilitate the withdrawal of capital because this facility is itself an inducement to members to take out shares above the minimum holding required by rule. The legislation of different countries regulates this situation in different ways, but, in general, while a member leaving a society cannot usually enforce the repayment of his share capital as a right, the management of a society, where the society's liquidity or financial position are not impaired, would act fully in a co-operative spirit by avoiding the infliction of any hardship through standing strictly on the letter of the rules and in an emergency by doing everything possible to afford relief.

Finally, a co-operative society, in the interests of the whole body of its members must have the right and must take power in its rules to terminate an indi-

vidual's membership, given just cause. This is also a case in which the rules should lay down the conditions under which resort to expulsion is possible and the procedure to be followed before expulsion is finally decided, so that all members can be aware of them. It is not grounded in any specifically co-operative principle but in a natural principle, common to all incorporated associations, which permits them to eject elements acting against their interests or contrary to their objects. If the decision to expel is taken in a democratic manner by the elected authorities of the co-operative, that is to say, either the board of directors or the council of supervision or both, the member affected should have the right of appeal to his fellow-members, either in the general meeting or in a representative assembly, invested with the functions of the general meeting, before expulsion takes effect.

## Individual and Collective Membership

Membership of Co-operative Organisations above the primary may consist of co-operatives or of co-operatives and individuals. With very few exceptions the rules and practice regulating the admission to and withdrawal from these organisations are similar to those of primary societies already discussed and raise no important questions of principle. Whereas however membership of primary societies may occasionally include, without impairing their co-operative character, a small minority of corporate bodies not forming part of the Co-operative Movement, the case of many organisations established for special services needs close examination because the conditions are not necessarily similar. A real possibility exists that co-operative organisations would be in a minority. In this case they might not be able to assure the observance of co-operative principles by, and the retention of true co-operative characteristics of, such organisations. Where the co-operative membership is not in a position to ensure that co-operative principles will be maintained the organisation is in danger of losing its eligibility for recognition as a co-operative.

The important consideration is not necessarily the legal constitution of the organisation but whether in fact the co-operative principles are observed. The same consideration governs the participation of co-operative societies in non-co-operative associations. Co-operative societies ought not to participate and ought to withdraw from an association if it involves them in practices for which there is no justification in terms of co-operative principle.

In conclusion, the Commission, after reviewing the practice of many types of co-operative societies in varying social environments today, finds that voluntary membership without artificial restriction or discrimination, as this had been interpreted in the preceding discussion, should be maintained as a fundamental characteristic of the co-operative system of economic organistion because it is essential to the achievement of its immediate and ultimate aims. The individual who seeks to participate, along with his neighbours or fellow-workers, in a co-operative, must do so of his own free-will, not from external pressure or constraint, nor must the co-operative place any artificial or discriminatory obstacle in the way of his entry or impose, as a condition of admission, his adhesion to any organisation or doctrine not relevant to the society's economic and social purpose. The individual should be under no compulsion to remain a member any longer than his own interests dictate,

nor should the society be obliged to retain him as a member if he acts in a manner detrimental to its interests and hostile to its aims. The conditions under which individual and society can terminate their association should be clearly laid down in advance and well known to both parties.

# Book Review

## LABOUR CO-OPERATIVES

### RETROSPECT AND PROSPECTS

**by Raymond Louis**

Published by ILO Publications, International Labour Office, CH – 1211, GENEVA, Switzerland. Price: S. Frs 25, –

"Human welfare reaches its maximum when the three elements, self-help, mutual aid and government welfare are rightly combined and adjusted".

This is a quote from a statement of Mr W. P. Watkins, a former ICA Director, which heads part three of Mr. Louis' excellent book on Labour Co-operatives in its English translation.

Those three elements permeate all parts of that book, from the creation of the early Russian Artels, to the Labour Co-operatives of the Port of Antwerp, the goods-handling and maintenance co-operatives in countries as far apart as Argentina, Sudan, France and Switzerland.

The author stresses that his work is not a manual on the practical side of how to run a labour co-operative but a most timely account for today of an attempt to identify the general prerequisites to be fulfilled if such co-operatives are to perform well in our day.

The International Labour Office is to be congratulated on publishing this study of Labour Co-operatives at this time of rising unemployment where the system of co-operative organisation of labour should have a high priority in schemes for combating unemployment. Raymond Louis was a life-long co-operator in the steps of Albert Thomas, ILO's first Director-General and Georges Fauquet, first head of the co-operative section of that organisation. In his book, he stresses, as they would have done, the importance of other co-operative sectors assisting Labour Co-operatives, and why the Co-operative Movement as a whole should take a much greater interest in Labour Co-operatives.

The book, with its deep concern for the lives of the underprivileged sections of the population in developing countries and industrial urban areas, is also a fitting memorial to the life and work of its author, the late Raymond Louis, a co-operator who is much missed in co-operative circles.

J. H. OLLMAN

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# THEORY Z

## THE MANAGEMENT STYLE FOR COOPERATIVES

**by William G. Ouchi,** New York, NY: Avon Books, 1982. 244 pages

> *"The 'normal science' of management is long since in need of a new model . . . Having 'learned' how to manage successfully, we have continued to perfect this approach. Only now, when most of the benefits of these innovations have been exhausted, are we forced to see that our pattern of management never did contribute anything to that success."*

Cooperatives represent business of a special kind which differs from both the profit oriented and public business by its rationale: *to provide goods/services at cost to members.* It is quite natural that such a type of business built on cooperation requires, to retain its identity, a special style of management.

A model (theory) of such a management style has been developed by Ouchi for business in general. As can be seen from the following report it assumes cooperative philosophy. It should be natural for cooperatives to implement it in their operations.

The subtitle "How American business can meet the Japanese challenge" indicates the timeliness of the book which became a national bestseller. Nevertheless, its importance is much greater. Regardless of whichever business in North America will listen to his advice (and some large companies are putting it into practice or have developed similar approaches on their own) and improve its position in home and world markets, Ouchi's book indicates, in the field of management, a radical reorientation of the outlook from competitiveness to cooperation, from strictly business to human relations.

Ouchi chose the name of his ideal type (M. Weber) or model of management with reference to terminology introduced by Douglas McGregor in his book *The Human Side of Enterprise* (1960). McGregor was of the opinion that managers work on the basis of one of two basic assumptions about human nature. One group, representing Theory X, assumes that people are basically lazy and irresponsible and constantly need strict supervision. The other group, representing Theory Y, assumes that people are fundamentally hard-working and responsible and need only to be supported and encouraged.

Early in the book Ouchi contrasts Japanese and American organizations (as models) in the following way:

### Organisation

| Japanese | American |
|---|---|
| Lifetime employment | Short-term employment |
| Slow evaluation and promotion | Rapid evaluation and promotion |
| Non-specialized career paths | Specialized career paths |
| Implicit control mechanisms | Explicit control mechanisms |
| Collective decision making | Individual decision making |
| Collective responsibility | Individual responsibility |
| General concern | Segmented concern |

Through his studies Ouchi realized that some of the characteristics of the Japanese organization (type J) are so closely imbedded in the Japanese culture that it would be impossible to transfer them to another quite different culture. But there were also features which developed in business organizations in the United States which have similarities with the Japanese model. He calls that type of business organization Type Z. Consequently, he differentiates in North America between Type A and Type Z organizations (management).

## Characteristics of Type Z Organizations

An economic organization is not a purely economic creation, it is simultaneously a *social* creation. It reflects some of the basic characteristics of the society in which it exists. For a type of economic organization which is out of tune with the prevalent orientation of the larger society, a larger support must be found if it is to be viable. Ouchi found that American companies developing Type Z characteristics were found primarily in company and military towns where people from all possible origins created communities at work.

The basis for a Type Z organization are *Trust, Subtlety* and *Intimacy*. Sociologically it represents a team, applied to business: *An intimate group of industrial workers who know one another well but who typically don't share blood relations.*

Such a 'culture' presupposes that people are not united in an industrial process primarily for their speciality but as whole persons. It is a *consent culture*, a community of equals who cooperate with one another to reach common goals.

For such firms long term employment, plenty of learning by doing, relatively slow processes of evaluation and promotion are typical. MBA (Master of Business Administration) is replaced by MBWA= management by walking around, direct participation of management. Low career specialty produces company specific skills which facilitate coordination between steps in design, manufacturing and distribution. Means of communication are used for their information, but rarely dominate in major decisions. There is a balance between explicit and implicit directives. There is an agreement on a central set of objectives and ways of doing business. Profit is not regarded as an end in itself or as a method for keeping score in the competitive process, but as a *reward from the firm for providing value*. The decision process is typically by consensus. The general orientation is illustrated by a broad concern for the welfare of subordinates and a strong egalitarian atmosphere. Type Z companies rely extensively upon symbolic means to promote an attitude of egalitarianism and of mutual trust and they do so in part by encouraging communication between employees. The atmosphere of trust makes criticism, even at managerial level, unthreatening and acceptable.

Ouchi found a number of businesses in the USA with characteristics of a Type Z organization. What may be surprising for some die-hard believers in competition, his comparative research of Type A and Type Z companies showed that Type Z had much better human relations, less turnover among workers and managers and also *consistently higher growth and profits*.

Ouchi's work demonstrates that cooperation is not only more natural for man than competition, but that it also produces even better economic results, not by squeezing more out of people, but by making them more efficient, and also more satisfied. He also emphasizes

that total integration becomes contra-productive because it stifles individual development, as shown in some cases in Japan. Although he does not state it explicitly, it is clear that he does not consider balance to be a 50/50 proposition – the healthy balance leans slightly towards the group.

R. CUJES

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**Cyprus Turkish Co-operative Central Bank Ltd.**
POB 1861, Nicosia.
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**UNCAP** (National Union of Agricultural Producers' Co-operatives)
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**Coop Schweiz**
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Gazi Mustafa Kemal Bulvari 97, Maltepe, Ankara.
Tel. 30 22 40 Cables KOYKOOP

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International Co-operative Alliance



# Review of International Co-operation

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# The International Co-operative Alliance

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

It comprises organizations in every continent, and its total affiliated membership through national organizations exceeds 360 million from consumers, agricultural, housing, credit, workers' productive, artisanal, fishery and other co-operative societies.

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

It promotes, through auxiliary trading, housing, banking and insurance organizations, 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 to co-operation.

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

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

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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## Contents

# THE EMERGENCE OF WORKERS' CO-OPERATIVES IN BELGIUM*

by **Jacques Defourney,** University of Liege and CIRIEC

## I. Global approach

Today it is commonplace to say that the western world is going through a deep structural crisis. One even speaks of a crisis in civilization itself. Among the most shaken values, work itself, the pillar of so many human societies, is being put through a three-fold re-evaluation: economic because our economies are less and less capable of offering employment to all those who wish to work; cultural because work in its modern forms (fragmentation, hierarchization, repetition of tasks) has lost much of its meaning; ecological to the extent that numerous jobs contribute to the destruction of our natural environment and the accelerated using up of natural resources.

In this context, the aggravation of the economic crisis has served as a catalyst for the opening up of a whole series of alternative forms of enterprises. Indeed, the obligation to personally create or to save one's job, if one doesn't want to stay or return to unemployment or to accept a job with little satisfaction, has led more and more people to take initiatives and to launch out, in generally small groups, into diverse experiences: alternative enterprises, new co-operatives, new entrepreneurs, etc.

These terms are aimed to signify that besides creating employment, it is a question of experimenting with new concepts of the firm:

(1) as to criteria of management (search for economic viability rather than a maximum profit);

(2) as to means of management (tendency towards self-management and collective responsibility);

(3) as to the relations among workers (tendency towards solidarity and forms of equality);

(4) as to the choice of products and services offered (search for needs perceived as true ones, not artificially created ones);

(5) as to the choice of production techniques (rediscovery of craftsmanship and trades, search for methods which respect the natural environment as well as the customer);

(6) as to relations with the social environment (tendency towards serving the local population).

It is evident that these different elements are not found in the same way nor to the same degree in all new forms of firms. But the search for "something else", on at least one of the levels enumerated above, being witness to the

*This paper is a fairly literal translation of a text first written in French and intended to help all persons, not only economists, who want to understand what kind of co-operative renewal appears in Belgium, where it comes from and what future it can be expected to have.

unity of this large diversity of concept: the will to become again an actor in one's life in re-exercising power over certain aspects of it, in particular work.

## II. Terminology

One cites more and more the development of "alternative enterprises" or more simply "alternatives". Besides, one of the associations which propose to play the role of unifier in Wallonia (the French-speaking region of Belgium) has taken the name of Solidarity of Walloon Alternatives. It is true, as shown above, that this term encompasses the whole of the phenomenon. Personally however, I don't like this expression because it defines something or someone as in opposition, that is to say in a negative way. It doesn't account for any constructive project.

As for the expression "new entrepreneurs", it appears to me to express too little the break with the dominating system: it seems to designate a new spurting of the spirit of enterprise coming directly from the industrial revolution. Now, as has been suggested above, the quest for change is often very clear.

Finally, we have the expression "new co-operatives". Certainly the legal status of co-operative company has been adopted by most, but not by all of them. Similarly, many of them do not refer to themselves explicitly as co-operatives. However, the co-operative doctrine expresses fairly faithfully the essence of the phenomenon: indeed, to co-operate is to act, not only alone, but with others, in trying to establish more democratic ownership, power and knowledge. The main principles of co-operatives, directly inspired by the Charter of the Pioneers of Rochdale, are understood in the sense of alternative elements cited above[1]. Therefore, unless one invents a new term, it seems to me preferable to speak of new co-operatives in the sense of firms created along the lines of a new form of co-operation, but not always structured as a legal co-operative[2].

## III. Forms and extent of the phenomenon

It is extremely difficult, if not impossible, to encircle in a precise way a reality so recent and so changing as the new co-operation. However, to give an idea of its forms and its extent, especially in the southern part of the country, one can suggest that it is most developed in three particular areas[3].

### 1. The small or medium-sized business threatened to be shut down

It happens that, to save their jobs, workers attempt to take over the firm together. The first experiences of this type in Wallonia go back to the years 1975-76. Some of them ended up as failures to different extents, due to various reasons which would be interesting to study[4]: thus for example, after a long fight, the co-operative which resulted from the former Salik company at Quaregnon, finally had to abandon all activity. The case of Somy stoves at Couvin is more delicate. After two years of self-management the enterprise was purchased by a classical private company, but it kept some traces of the system put in place by the workers. Several forms remain from this first period (1975-6), notably the Textiles of Ere, near Tournai, where the membership of the co-operatives grew from 48 to 150 in five years, the Sand-pits of Wauthier-Braine which constituted a joint-stock company, but where the two funding organisms (SNI and COB)

accept self-management by ten or so workers, and finally the "Balai libéré" (Liberated Broom) a building-cleaning co-operative of the Catholic University of Louvain that employs about a hundred people. However, in this last case, important conflicts with management rather than a threat of bankruptcy brought about the taking over of activity by the workers.

These pioneer firms have been essentially supported by the Christian workers' movements and unions, particularly by the André Oleffe Foundation. However, in the last two years, other experiments of the same type have been started with union support, either by the FGTB (socialist) or the CSC (christian), for example the Socomef Co-operative (formerly the Thomson company of burner construction) in Theux and the Former Workers of Martin-Frères, a textile company at Verviers. Various other firms are taking the necessary steps to restructure, for example the marble industry Dejaiffe at Mazy, a Simca-Talbot garage in Liege and Sartel, a manufacture of kitchenware in Houtain-Saint-Simeon.

## 2. The small firm created ex-nihilo in a traditional sector

This is the area where the multiplication of new co-operatives has been the most rapid. Indeed, in addition to some already old experiments like Terre-Wallonie in Vivegnis (recuperation and recycling of papers and clothes) and the Poudrière in Brussels (recuperation, removals and agricultural production) which are both engaged in large scale self-management with nearly sixty people, we find in the space of two or three years at least fifty small firms set up collectively by an average of three to five people and mainly founded as co-operative societies. Their preferred areas are the building sector, agriculture, printing, carpentry-cabinet making, restoration and small grocery shops. There are at least five new co-operatives in each of these sectors.

The list of new co-operatives in this category grows weekly as numerous projects emerge throughout Wallonia.

## 3. The professional sector

One finds in this last category small groups of highly qualified people who offer specialized services. Medical groups are the most numerous but, in a more significant way, one can also note co-operatives like the STA at Chimay which renders commercial, technical and administrative services and has grown from 3 to 24 workers in less than six years. The Alico co-operative in Liege does accounting and management and, like the Chantier co-opératif in Nivelles and the Oleffe Foundation in Brussels, it helps to create other small self-managed firms. One can also mention as examples a co-operative of architects, coop-Arch in Brussels, and the brand-new co-operative Microselect in Liege which carries out studies and realizes prototypes in microelectronics. Finally, to the extent that they are concerned with new technologies one can probably classify here the several collective or semi-collective firms like Alternative in Biercée, which work in the area of alternative energy, particularly solar energy.

There are at least thirty centres of group medicine and nearly twenty other new co-operatives in the professional sector in Brussels and the Walloon region.

## 4. What is happening within the socio-cultural sector?

Some people consider that it is necessary to include in the new co-operation

a large number of associations having essentially social or cultural goals. To illustrate the importance of this sector, one can cite the non-profit organization, the Grignoux, in Liege which groups together more than a thousand people in its sections. To give an idea of the diversity of this field it is sufficient to say that it comprises non-profit organizations like the Oasis in Wavre which offers a literacy service to immigrants as well as associations like the one which organizes the Fête des Fous (Festival of Fools) in Sainte Walburge-Liege on the basis of an original experiment in local democracy.

It is true that these associations often follow the fundamental values of co-operation and that many of them are oriented towards social or cultural innovation, that is to say they search for alternatives. In this sense they contribute to a large extent in diffusing the spirit of the new co-operation and are sometimes used as a stepping stone for the starting of co-operative firms.

However, these associations are almost exclusively non-profit organizations which mainly offer non-marketable services by using a voluntary or low-cost work-force (special temporary employees paid by the State, conscientious objectors, etc.). One cannot, therefore, consider them as firms nor as alternative solutions for the Belgian economy. This article is presented mainly in an economic perspective. That is why, while recognizing the importance of these associations, I do not classify them among the new co-operatives in the strict sense of the term.

The rules that I have chosen do not necessarily mean that everything can be classified categorically. Thus, the Magasins du Monde (World's Stores) run by Oxfam, a non-profit organization, based mostly on voluntary work, can be included doubtlessly in the socio-cultural sector, but because of their insertion in the economic circuits, one could be tempted to classify them in the second group of new co-operatives. Similarly, law boutiques, which are becoming more and more numerous in Wallonia belong mainly to the professional sector but do not constitute real firms because they utilise voluntary workers, non-marketable services and are only open a few hours a week.

## IV. Strategies

Other typologies are possible and allow us to approach the new co-operatives at different angles. The one that François Martou has developed consists in a classification of new forms of firms according to the main strategy that they are assumed to have adopted[5]:

(1) the defensive strategy of employment corresponds to the steps taken by the workers who take over a failing firm to keep their jobs;

(2) the defensive strategy of statutes and of activities of the professional sector (in particular special temporary employees) expresses a will for the survival of temporary work by developing co-operative types of projects;

(3) the offensive strategy for power in the firm is perfectly illustrated by the experience of the Balai libéré which was mentioned earlier;

(4) the offensive strategy for employment concerns new co-operative firms set up, above all, to create employment;

(5) finally, the offensive strategy for "another type of activity" characterizes the organizations which correspond to alternative needs and means of production.

This interesting typology is, however, worthy of a bit more precision, especially the fifth strategy. What does one mean by alternative needs for example? One must admit that several strategies can co-exist practically to the same degree in certain experiences, a fact which is not made explicit by the author. Thus numerous groups link closely the last two strategies.

Another contribution, more sociological in aspect, is the one presented by a group which worked in 1978 on the initiative of a department of the Ministry of the French-speaking Community[6]. Without going into the details of the group's research, I simply mention here that it discerned in the heart of the new co-operation four different focuses: a focus on problems opposed to that of needs; a focus on production as opposed to that of consumption; a focus on collective autonomy as an alternative to institutional dependence upon structures; a focus on solidarity instead of institutionalized pluralism.

## V. Workers or users

To conclude the discussion of typologies, it seems to me essential in what concerns the new co-operatives, to go beyond the classical distinctions between production co-operatives, consumers' co-operatives, credit co-operatives, agricultural co-operatives, etc. To justify this thesis, let us take two examples. Traditional co-operative stores in Belgium have always corresponded to consumer co-operatives, but among the new co-operatives certain stores have been created mainly by the initiative of those who work there and not by their customers. A good illustration is provided by the Coupiches in Marcinelle where several people decided to look for exclusively Walloon products and to sell them in a store opened for this purpose. It seems clear that such self-managed shops are much closer to small production co-operatives, also self-managed, than to consumer co-operatives. Similarly, a printing co-operative managed by its workers, like the Atelier in Liege or the Ciaco in Louvain-la-Neuve, does not have in its fundamental approach much in common with a traditional printing co-operative where the workers are simply employees and the main co-operators are outside the firm (for example a trade union and a mutual insurance company). If we call all of them production co-operatives we are camouflaging some essential differences.

If we want to really understand what the new co-operation is, it seems logical to use as a take-off point the agents who assume the responsibility of the firm because they are the main co-operators: either they have the majority of votes in the general assembly or in the management body designated by the latter, or they enjoy more important rights than other co-operators because they possess particular types of shares[7]. Among these agents, one generally finds those who have assumed the determinant function of entrepreneurs, that is to say who have effectively created the firm.

Let us now look at the relation that these main co-operators maintain with the firm. If they work there, one can say that it is a workers' co-operative which produces goods or services or simply is concerned with distribution. If they use the co-operative without working there in order to obtain goods, services or credit, one can speak of a users' co-operative.

This distinction is not intended to be applied literally in all cases, but it reveals surely the two main features which characterize the new co-operation. Until recently it was not

necessary because Belgium had no workers' co-operatives. Now, we must speak of workers or of users to situate the foundations and the orientation of the co-operative, then eventually take up once again the classical distinctions to define more precisely the nature of its activity.

## VI. At the crossroads of several trends of thought

If all these new co-operative initiatives have essentially been put into motion by the economic crisis, it is fundamental in order to understand this phenomenon, to realize also that there are several trends of thought which act in our society like a ground-swell. Several of these trends are very recent, others are older. Kinship exists among some of them but one can consider them as distinct one from the other. All of them, in any case, contain at least one element in common. There exist at least six different trends of thought at the crossroads of which are to be found the new co-operatives.

(1) In the first place I shall naturally cite the old co-operative movement which has conveyed the ideas of the pioneers of co-operation (R. Owen, C. Fourier, J. P. Buchez, the Pioneers of Rochdale, etc.) for over 150 years. Even if many traditional co-operatives have lost much of their dynamism and initial originality, they have the merit of having survived in an often very hostile environment, and have remained until today, witnesses of a project for another society[8].

(2) In the tread of this first trend, I see the self-management vein of May 1968; the will to give back to man control over his life conditions, in particular in the workplace. Then it was a question of, in the words of Henri Desroche, "une utopie en quête de sa pratique" ("a utopia in search of its practice"), while the co-operative movement today could be described as "une pratique en re-quête de son utopie" ("a practice in re-search of its utopia")[9]. These expressions allow us a glimpse of what these two trends can bring to each other, and thus, the interest here would be in viewing more critically certain doctrinary attitudes which strongly oppose co-operation and self-management.

(3) Since the sixties, another trend has emerged in order to develop, against the anonymity imposed by large groups (cities, firms, etc.), community values aimed at giving human relations a larger place in people's lives. The influence of this trend remains very strong today as indicated by the new interest in entities like neighbourhoods and small communities or the success of a term like "conviviality"[10].

(4) Another obvious influence today is the ecological wave. The defence of nature is only one aspect of ecology, if the latter is defined more generally by the will to reconstruct harmony between man and his environment by better respecting each of them. Moreover the expanse of the areas touched by ecology is well illustrated by the demands of the ecological movement in favour of a political democracy based more on local collectives and in favour of the development of economic co-operative initiatives.[11].

(5) For several years, more and more voices have also been raised to criticize the intervention of the

State in all levels of the citizen's life and to preach for greater freedom and a greater respect for individual initiative[12]. These ideas, characteristic of what is often called the new liberalism, have already shown a certain electoral success, especially in England and the United States. Toward the new co-operatives, the neo-liberal movement shows, however, certain ambiguities: the individual values that it puts foremost in importance can develop to the detriment of collective values, such as solidarity and equality, just as fundamental in the majority of alternatives.

(6) Finally, in the very heart of the left, whether institutional or not, reflection has been started, first in France then in Belgium, on the socialist project, which, according to certain authors, remains too tied to the structures of the industrial society. For the post-industrial era, a new socialism or an after-socialism should be constructed in a less centralized perspective, allowing Man to increase to his maximum capacity of liberty and autonomy[13]. These highly controversial theses can be understood either as a new trend or as a renewed expression of one of the two main traditions of the socialist movement: that which has always been in favour of a strong decentralization of powers as opposed to State perspectives[14].

The distinctions noted above are partially arbitrary. Moreover, other trends could probably be added. Thus, for example, one should perhaps put on the same level as the others the trend including ideas like "stop growth" or "small is beautiful" which, since the beginning of the 1970's, question the Western model of growth and consumption[15], But one can also estimate that these are for the large part adopted today by the ecological movement which fights against waste as well as giantism.

## VII. What future is there for the new co-operatives?

By very reason of the number and the diversity of the trends forming ground where a multitude of new initiatives take root and blossom, we are led to make three important points:

- The potential development of the new co-operatives is surely much underestimated at present. The important echo encountered by most of the ideas cited above leads us to think that a significant portion of the Belgian population can be attracted by these new forms of work and effectively reincarnate this spirit of enterprise whose disappearance from our economy is so deplored. Moreover, although provoked by the economic crisis, because they are the expression of profound ideas and hopes,the new co-operatives do not constitute provisional replacement solutions which will disappear automatically once the crisis is overcome. Their roots in the spirit of the times allows us to consider them as a new economic and social experience, which still has to prove its long-term viability but which could very well develop considerably in the next decade.
- Although the new co-operatives could contribute to the economic recovery of Belgium, it is necessary that their development become more structured. Their anarchic multiplication in extremely diverse areas is wit-

ness to their dynamism, but also to their fragility. In fact, even without very precise statistics, it is noticeable that their mortality rate is fairly high. In other words, without smothering the abundance of ideas and initiatives which make them strong, it would be necessary to offer them a framework of legal, technical and economic supports within which they could develop with more assurance. More precisely, this framework should include a legal statute peculiar to workers' co-operatives, a financing body and technical assistance adapted to the needs of the co-operatives and, finally, measures to encourage groups of unemployed people and local communities to set up small firms which could progressively become self-supporting. These last measures could notably be inspired by the programme of local initiatives launched in Canada in 1971, and by the experimental programme creating community employment introduced by the Quebec government in 1977.

– Even if the new co-operatives could be "sponsored" by various institutions (trade unions, co-operative federations, associations for regional development, etc.) the whole phenomenon could not be claimed by a given movement. In any case, most of the new co-operatives cherish their autonomy, a fundamental principle of co-operation. In this sense, the expression "free collective bargaining enterprise" is a good one to distinguish them with regard to the two dominating economic doctrines, even though it does not presume to define them completely. Therefore, a competition among existing structures to recuperate a maximum number of new co-operatives could only tear apart and weaken a network of creativity and dynamics that, to keep and strengthen its originality, must forge its own resourcefulness. Thus, it would be much better that, in recognizing the specificity and the richness of these experiences, the different structures group together in order to reach the limits of their possibilities.

The entire future of the new co-operatives in Belgium depends, in my view, on a wide-spread awareness of the three essential realities described here and on the actions resulting from it.

To conclude, I would like to repeat that the lines that precede are only elements of analysis. They are not aimed in any way to confine the new forms of firms in cramped concepts. On the contrary, I only wish to show the extent and the density of this co-operative renewal. The only truth in this area is the one which imposes itself when one watches the new co-operatives in operation: in a country deeply attacked by a sense of fatalism, men and women raise their heads and make the bet that another future is possible.

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## NOTES

(1) The six principles maintained by the International Co-operative Alliance in 1966 at its 23rd convention are the following:
1. Free and voluntary membership (principle of the open door);
2. Democratic organization on the basis of "one man, one vote";
3. Limitation of the interest paid on the capital of the co-operative;

*(Notes continued overleaf)*

4. Equitable distribution decided by the members of surplus or profits resulting from the operations of the co-operatives;
5. Education in co-operative principles and techniques;
6. Co-operation among co-operatives at local, national and international levels.

(2) The hackneyed terms "third sector" or "social economy" are not appropriate because they include much vaster realities than our subject (notably mutual insurance societies and traditional co-operatives). As for the less common expression "collective enterprises" launched by *Autrement*, it risks being considered by the public as close to "collectivism".

(3) This classification is partially inspired by the review *Autrement* which widely participates in the animation of the new co-operation in France. See: "Et si chacun créait son emploi" ("And if everyone created his own job"), *Autrement*, 20/1979 and "Dix heures par jour . . . avec passion" ("Ten hours a day . . . passionately"), *Autrement*, 34/1981.

(4) These failures cannot constitute arguments against the co-operative formula. Indeed, the latter has only failed where the classical firm had also failed. Moreover, the conditions at the start, inherited from the failing firm, probably left few chances of success to the co-operative experience.

(5) François Martou, "Le développement des coopératives, opportunités nouvelles pour l'emploi?", a contribution to the study courses organized by the Futuribles Association on the theme "Innovations et emplois nouveaux", Paris, October 1981.

(6) Unpublished paper on the new co-operation, Brussels, 1979, 27 pp.

(7) In some co-operatives, workers have shares of type A which allow them to participate in day to day management while outsiders have shares of type B which give them the right to attend the General Assembly. In the case of firms that don't have the legal status of a co-operative, one will also consider the agents who manage them.

(8) The works most often cited to explain the project are doubtlessly those of Paul Lambert, *La doctrine coopérative*, (3rd revised edition), Brussels, Les Propagateurs de la coopération, 1964, and of Henri Desroche, *Le projet coopératif*, Paris, Editions ouvrières, 1976.

(9) Henri Desroche, "De l'utopie comme champ d'alternatives", *Autogestions*, 1/1980, 9-22.

(10) Ivan Illich's books have in that respect played an important role. See notably I. Illich, *La Convivialité*, Paris, Le Seuil, 1973.

(11) "90 propositions des écologistes", Namur, Parti Ecolo, November 1981.

(12) See for example, Henri Lepage, *Demain, le libéralisme*, Paris, Livre de Poche, Pluriel, 1980.

(13) We limit ourselves to list here the two books that have probably been most written about:
- André Gorz, *Adieux au prolétariat (Au-delà du socialisme)*, Paris, Editions Galilée, 1980.
- Alain Touraine, *L'après-socialisme*, Paris, Editions Grasset, 1980.

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*For this article which was published in Italian in the Italian Co-operative Review "Noi donne" in November 1982, Marta Nicolini obtained the first prize of the Co-operative Press Award. This year the Award was organized by the Working Party on Co-operative Press and the ICA Women's Committee.*

# A NEW IDEA: LET'S INVEST IN SERVICES

**by Marta Nicolini**

IN Italy social needs are on the increase and represent a demand coming mainly from women and closely tied to transformations which are taking place in the very heart of our country: a group of young co-operators are answering this demand.

It is young people, and above all women, who inject life into co-operatives in the field of social services. There are many different reasons why they choose these activities: to satisfy their own need for specialized work, or to fulfil themselves in a job that they have chosen and believe also to be useful to society; or they may want to develop new elements of professionalism by offering services that go further towards satisfying people's needs.

From running nursery-schools to organizing home help with children, old people and handicapped people; from helping drug-addicts to curing and preventing health problems in work environments; from recreation and leisure activities to organizing holiday centres: in all these fields these co-operatives offer a wide range of services aimed at individuals, services which complement each other in various ways and which are constantly being modified so that they respond to changing needs. The form of action also varies according to the need that creates it: it can be commissioned by a public body (in particular by the town councils and the local health clinics), in which case it operates in addition to the public service; but it can also be a service aimed at private individuals who are able to pay for it. On close examination, these co-operatives all have one thing in common: they are all young. Indeed, we might almost say that they are barely out of the cradle, since the oldest of them has been in existence for less than eight years.

At this point a question inevitably arises: why are these social service co-operatives only coming into existence now? And, moreover, why in a period when there is more and more talk about cutting public spending?

The fact is that social needs are growing, and the demand for services of this type is coming particularly from women, though often it is also brought about by the very changes that have taken place in this society. It is a demand that cannot easily be held back, a demand that also expresses a new need for services that are more flexible and more personal. And this is happening at a moment when certain economic and institutional aspects of State policies towards social questions are in

a position of crisis, when public spending is creating more and more problems, and when the general crisis in the country is becoming both deeper and more intense. The spontaneous expansion of social service co-operatives – organizations which represent a form of management that avoids wastage and increases the sense of responsibility both of those who work in them and of those who use them – can be seen both as a symptom of, and as one of the possible solutions to the crisis in which the welfare state now finds itself.

This does not mean that co-operatives want to take over from public bodies; on the contrary. Indeed, co-operatives often suffer from the lack of an active role on the part of the local authorities in this field (particularly, but not only, in the regions of the South); there is a general lack of planning, direction and control concerning social policies. If there were a clear framework and a promotion campaign, both of which can only come from the local authorities, this could give an incentive to non-speculative private enterprise, and could lead to an injection of new professional and managerial resources into this field; and these in turn would give a stimulus to the direction of social services by the State.

But the objection can be made that this is nothing more than a wish for the future, for a future which is difficult to define and of which there are at present no signs whatsoever. Although the situation is anything but simple and there are no clear-cut, tried or guaranteed solutions, there is no cause for pessimism. No-one should be prevented from trying to find new ways, as long as they remain in touch with reality and keep their feet firmly on the ground.

Any research in this direction has to take into consideration two important facts. The first is that social-service co-operatives always address themselves to an audience of women – the people who use their services. Even if this fact is in itself obvious, it can become a point of enormous strength for women: the social and the market demands for individual and community services are determined by women, who are workers, housewives, mothers, and unpaid social and health workers. The problems created by the lack of services fall principally on them, and they have to deal with them. In order to change this rather uncomfortable position of being a sort of 'funnel' for the need for social services into a position of strength, this personal need has to be transformed into an organized, social demand; it should no longer be the sum of individual and unorganized weaknesses, but it should be something expressed collectively, and therefore something that must be listened to, something that counts and can give a contribution towards solving problems that concern the whole community.

The second important consideration, the idea of expressing women's fundamental needs in the form of an organized, collective voice, is not new; it is part of something that has been tried out and has become part of the life of the two great organizations in the history of co-operatives: consumer and housing co-operatives. Certainly, we are not dealing with a sector that is run according to the needs of women; in fact, the influence of women is a minority one and does not correspond to their physical presence or to the interest that they – as the direct victims of the situation – have in problems concerning nutrition and housing. It is true, nevertheless, that it is through their very presence and on their initiative that there is a pressure to give new life to these organizations, to restart a debate on the most interesting social themes, those of the quality of

living and the quality of consumer goods.

It must be admitted that these efforts, for the most part, are and always have been of marginal importance in the co-operative activity in the fields of housing and consumer goods. Indeed, the first attempts to do something in this direction soon dried up when faced with the advance of the consumerist illusion and with the 'welfare state', from which people expected to get everything, or at least enough to make any other form of self-help superfluous.

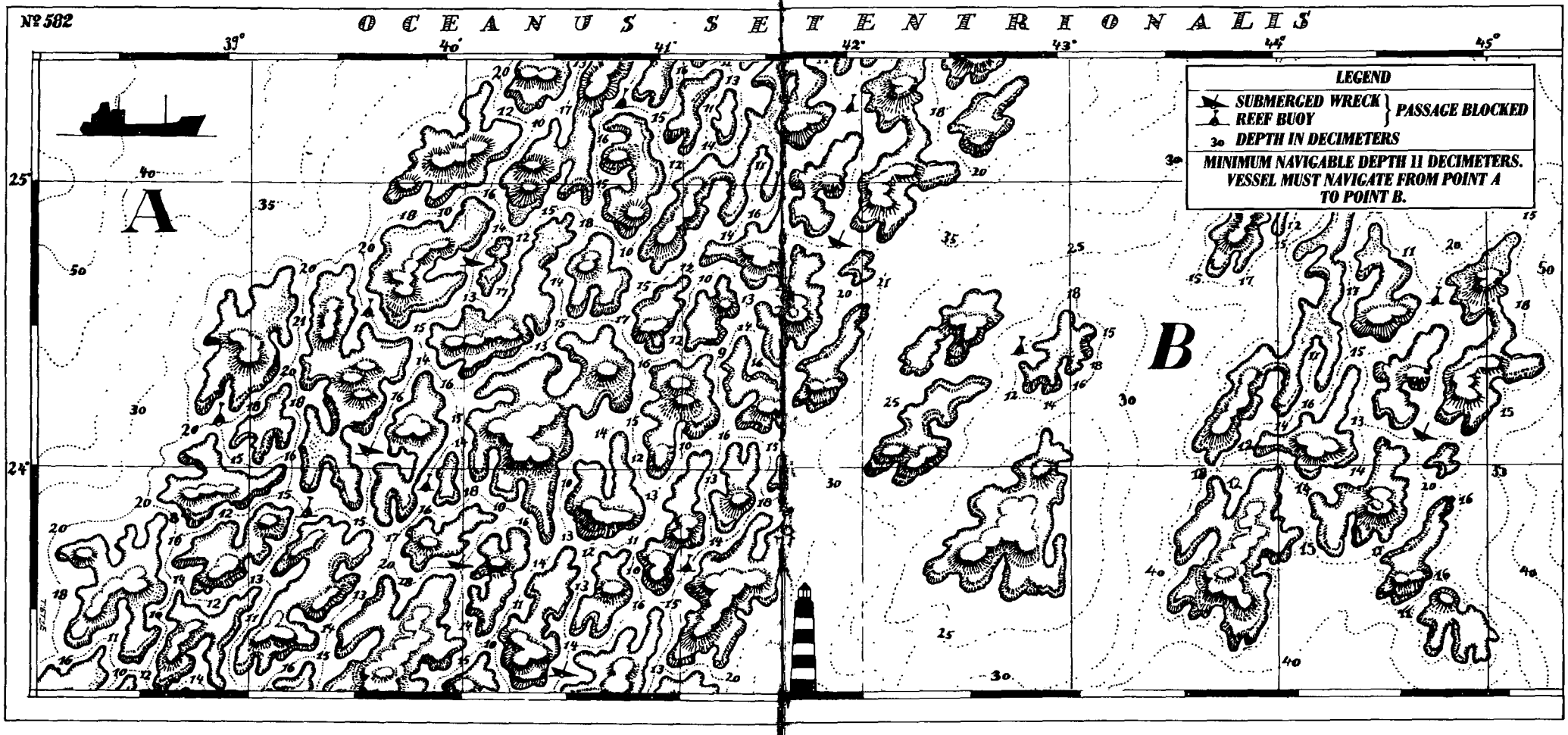
And even today, when those illusions are definitely beginning to disappear, the activity of the consumer and housing co-operatives in the social field never manages to consist of more than occasional ventures.

And yet it is possible to do more. Why couldn't the consumer and housing co-operatives put aside a substantial part of their resources, both financial and organizational in a regular and planned way, and use them to support and develop social services? Would it not be possible, for example, to introduce a modernized version of the old practice whereby a housing co-operative was regarded as being not only a group of people living in the same building, but also as the place where the services for these people were organized? And would it not be possible to encourage members of consumer co-operatives to create ways of channelling company profits into expenditure to benefit the community (cultural, touristic, welfare activities etc.)?

Could consumer co-operatives not come to an agreement with social service co-operatives to allow their members to have privileged rates for specific services? This would stimulate new experiments in the area of social services, which would then be assured of a stable market within the co-operative circuit. And women would also benefit from this, since they would once again find an effective channel of communication for their collective needs: they would have a new – though at the same time a very old – weapon in their battle for emancipation and freedom.

Here we are talking about things that are possible; but they are certainly not easy to obtain. And this is because they demand a process of renewal; we have to shake off certain 'trusted old habits' and we have to recreate a social momentum in the co-operative movement, a momentum that has often been put to one side so that we can rather lazily keep the existing structure ticking over. But the women in the co-operative movement have a particular interest in starting a process of this kind, even if it is a difficult one. And the co-operative movement itself is interested in keeping in contact with the women's movement, which represents one of the strongest forces working against the tendency to regress.

Does all this mean that we are moving towards a confrontation in the area of social services? Perhaps. But even if this does happen, it will not do any harm; on the contrary, it will do a lot of good.



# TRAGEDY AND FUTURE CO-OPERATIVES

by Fiore Castiglione*

ON the evening of 23rd November 1980, an earthquake ravaged part of southern Italy. This tragedy befell a region that could have already been considered a "disaster area": per capita income there is the lowest in the country, the deforestation of hills and the lack of proper runoff control have aggravated the effects of erosion and mass emigration is a reality to which the people must resign themselves (between 1951 and 1971, the population declined by 8%).

This "poorly developed" region was to be struck by an earthquake measuring 6.8 on the Richter scale. The official toll from the quake was 3,700 dead, 10,000 injured and 300,000 homeless in some 40 communities, not to mention housing damage in more than 350 others.

Confronted with a disaster area extending as far as the densely populated city of Naples, the task of rebuilding has been slowed down by cumbersome administrative procedures and the dealings of the "camorra" – the local mafia – which stops at nothing to ensure that the bids from its construction companies on the rebuilding of roads, buildings and so on are accepted.

## In the service of the disaster victims

After the quake, a group of men went into a village in ruins in the centre of the hardest hit area. They were well acquainted with these types of problems since they had begun working in development when Sicily experienced an extremely devastating earthquake in 1968. They were powerless then in stopping the waste of energy and money and could not help noticing that, despite international emergency aid and loans from the Parliament, part of the population continued living in temporary dwellings and that 10 years after the earthquake no jobs had been created. Those men had every reason to believe that such a situation could occur again. That is why they set up the "Centre for Economic and Social Research for the Meridione" (CRESM) and gave it a fairly ambitious programme:

- to turn public and private aid into permanent jobs in productive undertakings, particularly in co-operatives.
- to develop the productive resources in the disaster area, meaning agriculture as well as handicrafts and industry.

CRESM associates set about working in three directions: to study the socio-economic situation in order to set up specific projects, to co-operate with the local population so that it could take charge of the projects, and to find the necessary funds and support.

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## Rebuilding and the co-operatives

After previous quakes, the CRESM had noted that money earmarked for the disaster victims spread throughout the region like a cyclone wiping out cultural traditions, uprooting people and changing the area into a cemetery. That is, in some cases new houses were built, but without the workers to live in them due to the lack of paid employment.

This was the case in many sectors, but the situation in the building sector stands out clearest. The Government appointed large Italian companies to take charge of the work. They came down from the north with their machines and their experts. The south was in no way included and the people stood by idly. When all the building was finished, everything returned towards the north: the depot of machines, the organizational know-how, the construction jobs and . . . the profits from the work.

The CRESM, on the other hand, pro-

*THE CONSTRUCTION CO-OPERATIVE "TEMETE" AT LAVIANO*
*15 co-operators (six of whom are pictured below) have combined their efforts for reconstruction. After the earthquake they laid the foundations supporting the prefabricated buildings which were used as temporary accommodation.* Photo: P. Sica

poses to stimulate or to support the efforts of local productive resources by helping bricklayers, carpenters, electricians, plumbers as well as draughtsmen, surveyors and architects to form co-operatives for the purpose of creating long-term jobs which, following the rebuilding phase, would continue to meet local needs.

So far, the CRESM comprises 47 construction co-operatives with 943 members. The smaller and weaker co-operatives have only marginal roles whereas others are directly involved. First, some co-operatives have come in after the excavating to prepare the surface where prefabricated dwellings are to be built and have themselves on occasion done the building; others have specialized, for example, in restoring old facades well-known for their architectural importance.

However, although prospects for this sector of the economy are bright, given the fact that everything is to be rebuilt, the co-operatives have been hampered by two big problems. The first is basically political in that it takes local authorities time to agree on a site where permanent housing is to be built. Will it be the place where the former city stood or in a more secure location? Many economic interests are involved as the former owners are not willing to relinquish their privileges. So, while the decision-making drags on, the members of the construction co-operatives remain out of work!

The second problem is related to the market. How is a new co-operative to participate in public bidding on the larger building projects if it is not registered in the National Register of Builders? How is it to complete jobs – and to be competitive – if there are in fact no machines to speak of?

Once again, the answer of the CRESM was to collectivize. Just as the individual was unable to manage alone, it was necessary for co-operatives to join forces, for one co-operative by itself could not manage either. The only recourse was to form an association of co-operatives. That is how the COMER came to be.

## COMER: an association of co-operatives

COMER (Consorzio cooperative meridionale) serves the co-operatives. Do the building co-operatives have problems in being awarded contracts from their bids? That need not be an obstacle, for COMER steps in to co-ordinate the bids, then to assume the management and execution of the work. In addition, it has set up a common purchasing service and intends to promote a small industry for prefabricated elements.

The co-operatives lack machines, they are short of capital and prices are high; but there is nothing to mortgage and banks refuse to give credit.

COMER collects solidarity gifts and manages a reserve of working capital. The money required can thus be loaned to the co-operatives at a low rate of interest for a certain period of time. If the loan is for capital goods or a place of work, it will be made for a few years. If it is for salaries to be paid immediately until the work done for local municipalities is paid for, then the amount is returned to the working capital after a few months at the most, to be used later for other co-operatives.

COMER is constantly in search of financial aid that can be distributed according to need, interest-free loans and even gifts in order to give more help to the co-operatives until they can help themselves.

In addition to the technical service, COMER offers an administrative and

*THE CO-OPERATIVE S. CRISPINO CALZATURE AT SALZA IRPINA*
*Before the tragedy this co-operative repaired old army shoes for use by the peasants. The new machinery acquired after the earthquake allowed the fabrication of new shoes also.* Photo: P. Sica

legal service to co-operatives which, due to their limited income, neither seek the help of an accounting firm to keep their books and to make out their tax statement, nor consult a lawyer to force an unco-operative debtor to discharge his obligation.

An extremely poor level of professional and technical training is also an indication of the region's "poor development" and an obstacle to economic recovery. For that reason, one of the concerns of COMER and CRESM is the organization of training courses. Members from co-operatives have already participated in dozens of courses such as those for project foremen, electricians, ceramists, shoe factory workers, plumbers and so on.

Finally, COMER seeks to unite the co-operatives and to develop exchanges among them to a maximum. The example of the reconstruction sector is significant in this respect. COMER, with the help of CRESM, offers people living in temporary shelter, the oppor-

tunity to organize into co-operatives for living quarters in order to speed up the rebuilding process. The technicians', draughtsmen's and architects' co-operatives are charged with preparing real projects guaranteed to be quake-proof and energy efficient. At the building sites, the bricklayers' co-operatives will be responsible for the heavy construction and the carpenters', plumbers', electricians' and painters' co-operatives for the finishing work. Before the earthquake, some co-operatives had constructed apartment buildings, most of which have remained intact thanks to the quality of work and the simple fact that the required quantities of cement and reinforced concrete were correctly used. What better guarantee for future dwellers?

How does COMER operate financially? Since it serves the co-operatives they must support it until it can eventually manage to balance its entire budget without exterior solidarity aid.

## The farming co-operatives

The farming co-operatives alone are the most numerous with 2,993 members, 66% of which are from the quake area. Thirty-five of the 55 co-operatives had already been set up before the earthquake, but they were largely inactive. After the quake, whether because of the impetus from outside or the increased need for equipment and common services, these co-operatives began functioning.

The area is definitely agricultural, but it has been neglected too long. To prevent the young farmers from swelling the ranks of the unemployed in Naples and to avoid an increase in the emigration rate abroad, an overall solution to the enormous technical, professional and distributional problems must be resolved. That can only come about from a rigorous policy of development by the authorities.

Nevertheless, CRESM has put forth a range of proposals which could serve as an example of national and international solidarity and of developmental aid for the agricultural co-operatives in the region.

The most ambitious project affects 13 co-operatives totaling 716 members with 3,991 hectares of land. It includes a cheese dairy that will use at least 200 hl of milk per day and that will create 40 new jobs for cheesemakers as well as lorry drivers to collect the milk from the farms.

Obviously, farming activity will pick up. A veterinary service as well as a pharmaceutical, sanitary and artificial insemination service have been planned. The cost of the project will be 3 million Swiss francs*.

The area produces a great amount of chestnuts, hazelnuts and walnuts, but the market is completely unorganized. The chestnuts, for example, are either left on the trees or fed to pigs. Thanks to the 110-member co-operative "The Chestnuts" of Montella, the project to build a huge storehouse for the marketing of this fruit came into being. After the chestnuts are sorted, the first stage of processing the fruit is carried out. If the necessary finances were found, farmers from other villages could organize into co-operatives and thus earn their living. The cost of the project is at least 1 million Swiss francs.

A similar project could be organized by co-operatives already set up in the area of Alto Sele where figs, cherries and apples are lost mostly because there is no way to market them. An in-depth study of the agricultural situation and of

* The financial value of certain projects is given in Swiss francs. (1 SFR=approx 3.50 FF or 0.47 US$).

the market should precede the project to exploit these fruits. Its cost is estimated at 50,000 francs.

The area is rich in forests made up of different species of trees that could be a source of considerable income. The co-operative "Laviano Legni", made up of 22 lumberjacks, obtains authorization from local communities to work the forests. The co-operative is now building a large sawmill that will cost 1.5 million francs and will employ 50 people, not to mention the hands needed to work the forests. Ten market towns and villages are interested in the project. Thanks to an international solidarity campaign, the co-operative has already found part of the financing. It is borrowing the rest. However, the Banco Nazionale del Lavoro (National Bank for Labour) requires the co-operative to put up 30% with its own funds. Thus, it needs 225,000 francs to see this project through.

These are only a few examples of how the agricultural co-operatives can be not only a source of income, but also a guarantee for the farming population against having to leave their farms.

## The handicraft co-operatives

Handicraft co-operatives are the most difficult to start. There are 22 today while before the quake there were 10. They make up only 15% of all the co-operatives with barely 7% of total membership. However, they are of major importance with regard to women's participation not only in the economy, but also in the process of social and cultural change in the area. In fact, the majority of these co-operatives are made up of women – often very young – who no longer want to rely on their family or welfare and hope to avoid poorly paid housework as well as forced emigration.

In this respect, a banner displayed in a hut in Teora, where some 10 women belonging to the co-operative "La Metà del Cielo" (A half of the Sky) work, shows that they are well aware of what they want. They have written in large, bright letters: "Vogliamo viaggiare, non emigrare" (We wish to travel, not emigrate).

But for that to happen, the handicraft co-operatives must resolve three problems. The problem of technical and professional training is even more severe than in other co-operatives. By training women, they will be able to fully employ the equipment they need to increase the quality and the quantity of their products. They need a training period of approximately six months. Then, there is the problem of finding modern machines to replace the slow, second-hand machines they have bought. Thirdly, contrary to the construction co-operatives that have large budgets to work with, these co-operatives need more time to pay for their investments. The fact is, they produce manufactured goods with low turnover. "L'Ofantina", for example, produces knitwear; "La Metà del Cielo" paints fabric; "La Spiga d'Oro" (The Golden Grain) makes trousers; "La Verde Valle" (The Green Valley) makes suede and leather clothing; "La Sirena" (The Siren) and "La Ginestra" (Juniper) hand or machine embroider, crochet and make lace.

At the moment, these women earn between 300 and 400 Swiss francs a month, an extremely meagre salary for an industrialized country. If the financing for the training of members and the equipping of the co-operatives could be found, the total cost of each employee would amount to approximately 18,000 Swiss francs. Considering the fact that in Italy the average cost per employee in big industry is around 100,000 francs,

the investment would certainly be profitable!

## The cultural and service co-operatives

Although their membership makes up only 6% of the co-operatives, the cultural and service co-operatives number in the twenties and are probably among the most original. The goal set by some is to produce and organize culture, and also to benefit from outside culture. Can there by anything sadder after an earthquake than to be in a cultural desert? To avoid that, a co-operative manages, for example, a local radio station, transmitting from a hut.

Others think that in order to make these inland areas of the country livable for younger generations, the territory's natural, historic and artistic resources will have to be promoted. Co-operative members and young secondary school graduates and university students want to determine what exists and afterwards to work out specific plans for development, thereby contributing to the growth of the area while avoiding emigration.

## How to help the co-operatives in the disaster area?

Given the difficulty co-operatives in developed countries have in obtaining financial aid, it is perhaps easier to call attention to the fact that the COMER capital reserve would like to receive interest-free loans to help co-operatives get started.

In addition, a call has been made to consumer co-operatives, particularly those in northern Europe, to give constructive aid by buying products from the co-operatives in the quake area. The farming co-operatives are now selling olive oil, aromatic herbs, nuts, chestnuts and fresh raspberries or raspberry preserves. The handicraft co-operatives are able to furnish a wide array of products including traditional and modern ceramic work, leather clothing, handbags and shoes, knitted goods, trousers, shirts, hand and machine embroidered articles and handpainted fabrics.

The wish is that the old, established co-operatives will work with the new co-operatives born out of a disaster situation rendered more difficult by an economic system that is insensitive to real human problems.

# CEMAS – an Education Service of the ICA

by Bo Engström*

*If you don't know where you are going — any road can take you there!* This expression, of almost proverbial character, is really worth considering in relation also to co-operative member education and training.

The above statement was made by the CEMAS representative as an introduction to a recent seminar. Then, as an exercise, the participants were asked to complete a map where main roads were drawn but no towns or other places indicated. The following tasks were given:

1. Mark the route you have selected on the sketch map
2. (a) Explain by which means you intend to travel
   (b) Why you chose that route.

This caused great confusion amongst the participants. They then all agreed that unless you know where you were starting from and where you were going to, it was an impossible task.

Then the participants were asked to consider co-operative member education throughout the world. They all agreed that not only field educators and field workers, but also those who guide and support them:

- do not really know where they stand.
- know only vaguely, if at all, where they really want to go.

Of course, the participants also found the following exercise not only impossible and unrealistic, but also very silly. How would you have reacted if the following instructions were given:

1. Outline briefly a member education campaign, covering six months.
2. List the methods and techniques you are going to use.
3. Explain why you chose those methods/techniques.

Is there much difference in the two exercises? You could probably argue that the last one is slightly less ridiculous.

If you don't want to waste time and effort, in co-operative member education and training, as well as in travelling.

- you must know where you are.
- you must know where you want to go.

This fact is one of the cornerstones of the CEMAS approach to working with co-operative societies.

## CEMAS

What is CEMAS or Co-operative Education Materials Advisory Service as the name reads in full?

If we want to describe ourselves making our objectives clear the following would do: "a project working as an integral part of the ICA Education

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Department for the improvement of materials, methods for Co-operative education and training in developing countries. Particular reference is made to the needs of members, committee members and staff of primary societies."

We could perhaps add that since its commencement in 1974 CEMAS has become a wellknown and appreciated service of the ICA to its member organisations and, through publication of materials, development of improved methods and techniques, training of trainers and the provision of a clearinghouse for information and advice on education and training, it has come a good part of the way towards achieving its objectives.

## A New Approach

During the last four years most of this project's somewhat limited resources have been devoted to the development of the CEMAS Field Education Development Programme, a new approach to co-operative education and training at local level. CEMAS has taken an approach, opposed to conventional education and training, built on field studies and experience, out of a conviction that there is a great need, and good possibilities, of achieving a higher degree of efficiency.

1. CEMAS is trying to support the work of the Field Workers, who are the people directly involved in promoting, advising and supervising primary societies by providing them with guidance in their working techniques both through instructive materials and by assisting them with the actual training.
2. As opposed to conventional training of these people – which normally confines itself to education technology, use of aids etc., great emphasis is placed on the techniques of problem identification, problem analysis and problem solutions, from which the education training solutions are further developed.

When I asked him about the actual contribution made by the project to the education and training at local level, my predecessor, Rune Forsberg*, the man who initiated most of the ideas that went into the creation of the CEMAS FED Programme, said:

"What we need is change. We want the co-operatives to change for the better. Then we have to make the people involved in the activities of their co-operative improve in the way they are operating. They have to change their performance. Before we embark on any CEMAS programme we have to consider two very important questions:

1. What is the purpose of co-operative education and training at this level?
2. What is the role of this education and training in co-operative development?

Obviously the main purpose is to assist co-operatives to become more efficient in providing benefits to the members. Understanding, loyalty and participation are very important factors which, if they are reflected in the behaviour or performance of the co-operators, contribute to the goal of efficiency. If we can impress the importance of this on the people involved in co-operative education and training we have really made our contribution".

## The Axioms of CEMAS

The principles of our CEMAS work,

* Rune Forsberg has now resumed his former job at SCC, Stockholm.

based on Rune Forsberg's reasoning are as follows:

a. If the members are to derive any benefit from it a co-operative must be efficient.
b. Therefore, the role of the members must be identified in the total effort to make the co-operative efficient.
c. When necessary, education and training must be provided.

In other words CEMAS aims for *Efficiency oriented member education and training*. (In this article the word "member" also stands for "committee members" and "staff in primary societies").

## Education and Training

The role of co-operative member education and training can only be generalised to a lesser degree. It has to be analysed and decided upon from case to case. This means that member education and training cannot be generalised either. Member performance has to be analysed, comparing actual performance to desired performance, and education and training programmes have to be based on such analysis.

It is also extremely important not to discuss the role of member education and training as a separate exercise. It aims to make co-operatives more efficient and in those efforts the members have their role to play and member education and training has a corresponding role. How important that role is may differ, as well as the "content" of the role, but one must keep in mind that it is only one role out of many.

## The CEMAS-FED Programme – A Complement

The CEMAS approach, the Field Education Development Programme, is not a technique or method for member education and training, nor an alternative to other methods. It complements other methods making them more efficient by pinpointing what member education and training should be concerned with in a society.

In any job the best results are achieved if the work is approached in a systematic and logical way, one action following another, each step in its right order, making sure that the preparatory steps have been taken, for each action is usually supporting other actions, and if an action does not come in its appropriate place the support will be lost.

If you are building a house, you must begin with the foundation then raise the walls and finally construct the roof. You cannot change the logical steps of house-building. In many jobs, the logical order of actions to take is obvious. But unfortunately, this is not always the case. For example, the job of dealing with problems in co-operatives belongs to those cases where various actions might be taken, with a considerable input of effort, time and money, but the result could be poor if the actions are not taken in a systematic order or if certain fundamental actions are not taken at all. Sometimes one may find that co-operative field workers attempt to build a roof long before the walls are in place, and quite often on very weak or non-existing foundations.

## Five Logical Steps

So what are the logical steps to be taken when working with the problems of a co-operative, if one wants to achieve the best results? Briefly, they can be described as a work process in five phases, with each phase comprising systematically organized steps.

### Phase 1 – Situation Study

Carry out a simple but effective study of the situation in the co-operative, for the

purpose of identifying problems which need to be remedied.

**Phase 2 – Performance Problem Analysis**
Guided by the results of the situation study, carry out a detailed analysis of those problems which seem to be caused by inadequate performance of members, committee members or employed personnel, as the case may be.

**Phase 3 – Action Plan**
Having identified the causes of the performance problems, consider what the appropriate remedial actions are and structure these into an Action Plan, taking also other problems into account.

**Phase 4 – Implementation**
Put the action plan into effect.

**Phase 5 – Evaluation**
Monitor the implementation and evaluate the effect of the actions. Amend the plan as necessary.

The first two phases should be undertaken by the co-operative field worker in extensive consultation with a broad range of people from whom he would seek information and opinions. In the third phase he would be the one to initiate discussion and submit well-structured reports on the findings of his analytical work to the decision-makers, as well as assisting in preparing co-ordinated action plans. He is probably also the person in the best position to take the responsibility for the fourth and fifth phase; implementing the plan and monitoring and observing results.

A consideration of these five phases will reveal that they are actually as obvious as the phases of building a house. The satisfactory result of any one phase depends on the preceding phase, and each phase builds the support for the next one, providing a more solid structure for co-operative field work. How systematic work methods help in the allocation of resources is another important aspect of the CEMAS approach to education.

## New Material

Thus CEMAS has developed training materials for a systematic approach to co-operative field work based on this logical work process in five phases.

The CEMAS Material in the Field Education Development Programme is aimed at helping the co-operative field worker in his problem-solving role. Gradually we will also develop new materials in this area. Manuals like "Lesson Planning", "Training Aids", "Organising Short Courses", "Organising Study Tours", "Illustrating Co-operative Concepts", "Performance before an Audience", "Organisation of a simple Library", "Co-operative Information", "Action Proposals", "Evaluating and Monitoring", which are presently in various stages of production, will certainly be helpful to the field worker. They will add to the "library" of manuals already available from CEMAS according to the Publications List published on page 27 in this issue of the ICA Review.

## The CEMAS Clearing-House

An important function of CEMAS is also the clearing-house which we operate as a service to co-operative educators and trainers. The basic idea is to stimulate and facilitate the exchange of ideas and experiences among co-operative educators throughout the world. Specimens of education and training material are collected, evaluated, classified and registered in this clearing-house. Information about materials and methods for co-operative education and training is collected through contacts with co-operators and co-operative

organisations, as well as non-co-operative experts and organisations all over the world. This information is communicated to the people working in the field through correspondence and the CEMAS Bulletin, which is issued four times a year.

## Co-operation Among Co-operators – An Appeal

A really effective clearing-house and ideas bank can only be achieved through effective co-operation among co-operators. Therefore, we appeal to our readers to make a vital contribution to the improvement of co-operative education and training in the developing countries by sending us information about education and training materials that have been successfully used i.e. books, manuals, exercises, handouts, posters, leaflets, brochures and materials for general member or committee member education or staff training at different levels. This will help us to develop the world-wide reference library, which is a basis for our information service.

Co-operative Education and Training at the level of members, committee members and staff of primary societies is a very difficult field to tackle. We need all the support and active participation we can get. Therefore, we appeal to co-operators everywhere to consider how to join us and become part of the chain of ideas, experiences and materials that CEMAS is trying to organise throughout the world co-operative movement.

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**CEMAS – Co-operative Education Materials Advisory Service**
**PUBLICATIONS AVAILABLE AT ICA HEADQUARTERS:**

| | Price |
|---|---|
| **Participative Teaching Methods**<br>A guide with specimen exercises for co-operative teachers. 119 pages, 5th impression. 1981 | £3.00 |
| **Explaining Annual Reports**<br>A guide on the use of annual reports and accounts as an aid to education. 96 pages, 3rd impression. 1979 | £4.00 |
| **Co-operative Education Radio Programmes**<br>A general guide with specimen scripts. 123 pages, 6th impression. 1981 | £3.25 |
| **Correspondence Education**<br>A guide for planners, course writers and tutors with 6 specimen lessons. Guide: 32 pages; specimen lessons: 98 pages. Basic text compiled by the International Extension College, Cambridge. 1977 | £10.00 |
| **Member Education – A Campaign Plan for Tinsa Valley**<br>A case study, with commentary, on how to plan a member education campaign; for use as a guide and for training purposes. 110 pages, 2nd impression. 1980 | £4.50 |
| **Basic Control of Assets**<br>A manual on the prevention of losses in small co-operatives. 53 pages, 2nd impression. 1979 | £2.75 |

**Co-operative Book-Keeping – Four Manuals**
A simplified system of book-keeping for use in primary co-operatives of various types.

| | |
|---|---|
| 1. Marketing Co-operatives, 52 pages | £2.50 |
| 2. Consumer Co-operatives, 40 pages | £2.50 |
| 3. Savings & Credit Co-operatives, 26 pages | £2.50 |
| 4. Industrial Co-operatives, 38 pages | £2.50 |

**A Co-operator's Dictionary**
Explanations of co-operative and commercial terms. 55 pages. 1977 £1.00

**Co-operative Education Directory**
The Directory in English and French lists institutions engaged in co-operative education and training in developed and developing countries. 114 pages. 1979 £2.00

**PUBLISHED BY CEMAS, ICA REGIONAL OFFICE NEW DELHI**

**Manual on Role Plays for Co-operative Teachers**
A guide on how to write, conduct and evaluate role plays. 158 pages. 1980 £3.00

**PUBLISHED IN ASSOCIATION WITH UK CO-OPERATIVE UNION**

**Co-operative Enterprises**
By Georges Lasserre. An updated and revised edition of the original French text. The many and varied types and activities of co-operative organisations that exist in the world today are the main theme of this booklet. 114 pages. 1979 £0.75

**PUBLISHED IN ASSOCIATION WITH INTERMEDIATE TECHNOLOGY PUBLICATIONS**

**An Introduction to Co-operatives**
A programmed learning text by T. N. Bottomley. 67 pages. 1979 £2.95

**Co-operative Organisation – An Introduction**
A description of what co-operatives are, how they are organised and what they can do, by B. A. Youngjohns. 34 pages. 1977 £1.25

**The Work of a Co-operative Committee**
A programmed learning text by P. Yeo. 87 pages. 1978 £2.75

**Business Arithmetic for Co-operatives and Other Small Businesses**
For use by co-operative society managers and staff, by T. N. Bottomley. 87 pages. 1978 £2.25

**Tropical Agriculture for the Staff of Co-operatives**
A programmed learning text by P. Yeo. 54 pages. 1977 £1.95

**Office Management for Co-operatives**
A self teaching text by J. Launder. 103 pages. 1980 £2.95

# CO-OPERATIVE ENTERPRISE IN GREAT BRITAIN

by Robert Woodfield*

THERE has been a growing awareness in Britain in recent times, of the part a vibrant and vigorous co-operative sector can play in the economy. Indeed, it has been one of the few growth points in the current recession. Traditional supporters of the co-operative movement have found support across the political spectrum in their lobbying for the establishment of an institutional and legislative framework on which to build a larger co-operative sector. Their influence culminated in the mid and late 1970s in the forming by Parliament of 'Quangos' (quasi autonomous non-governmental organisations) and the passing of legislation, to enable government funds to provide for the promotion of co-operatives. This framework consisted of the establishment of a Co-operative Development Agency (CDA) in 1978; legislation granting the Industrial Common Ownership Fund a five year loan fund of £250,000, and in the co-operative housing field (both in 1976); and recognition and regulation of the 'infant' credit unions through the first Act of Parliament in this field, in 1979.

These initiatives, while bringing new impetus to the co-operative sector in general, did not, however, lead to a major reorganisation of the existing two areas of traditional co-operative strength, the consumer co-operative movement and agriculture, in order to absorb the new/revitalised areas of co-operative activity. As a result, while the CDA exists to promote the co-operative sector as a whole, it neither funds co-operatives directly, nor is it responsible for their legal or financial accountability. As such it is not in a position to become the overall umbrella organisation for the entire sector. The absence of formal institutional links which would lead to a completely integrated organisational system has not prevented the co-operative spirit prevailing between different industries and services in which the co-operative enterprises exist. By continuing to foster the co-operative form of business organization the CDA obviates the need for a unifying representative body at national level. (Table 1 overleaf) indicates that each industry has such a body in any case for its own sub-sector.)

## Constitutional and legal form of co-operatives

One of the first priorities of the CDA in promoting new co-operatives is to assist the transition from ideal to tangible reality by easing the passage of the newborn co-operative into the business environment. Of crucial importance in this process is its registration so that it becomes a constitutional and legal entity. At the present time a co-

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## The British Co-operative Sector – its National Organisation and Structure

**Table 1**

| INDUSTRY or SERVICE | | | | |
|---|---|---|---|---|
| Consumer 'Co-operative Movement' | Banking and Financial Services | Housing | Industrial/Producer or Worker Co-operatives | Agricultural Co-operatives |
| Opportunity to obtain Government grants or operate Government-backed schemes through: | | | | |
| **NATIONAL BODIES (Corporate, 'Quango' or Voluntary)** | | | | |
| Co-operative Union consisting of:<br>(i) the Co-operative Retail Societies<br>(ii) the Co-operative Wholesale Societies<br>(iii) 'other' Societies (incl. Co-operative Insurance Society, and 10 'productive' and 'miscellaneous' societies) | (i) Co-operative Bank plc<br>(ii) Credit Union League of Great Britain | Housing Corporation Support depends on registration with the Housing Corporation | Co-operative Development Agency (no direct funding capabilities)<br>ICOF – ICOM (Industrial Common Ownership Fund – Movement) | Central Council for Agricultural and Horticultural Co-operation (CCAHC) |
| **LOCAL GOVERNMENT INVOLVEMENT (possible)** | | | | |
| | | Financial loans or grants to assist for example Inner City or Renovation programmes | Grants or low interest loans or rent rebates. Funding of local co-operative development agencies | |
| **TYPE AND FORM OF CO-OPERATIVE** | | | | |
| From (i) above individual affiliated societies involved in retail trading | From (i) nationwide branch network plus specialised central services.<br>From (ii) individual credit union co-operatives | Individual local Housing Co-operatives and Associations | Individual industrial, service neighbourhood and community co-operatives | Individual Marketing, Supply or 'Requisite', and Service co-operatives; and 'Second-Tier' co-operatives – mainly Federations or Federals composed of single co-operatives combining together for the joint purpose of marketing their produce |

operative can be registered in two ways: either, registration can be according to the terms of the Industrial and Provident Societies Act (IPS) of 1965, or the co-operative can be incorporated under the Companies Acts of 1949, 1967, and 1976. While the co-operative must ultimately satisfy either the Registrar of Friendly Societies or the Registrar of Companies respectively, several sponsoring bodies exist which have produced sets of model rules or constitutions, concerning the conditions of membership, shareholding and dissolution. The Industrial Common Ownership Movement, for example, has produced both 'Model Rules' and a model Memorandum and Articles of Association.(1) Differences of emphasis are observable for the two legal forms in respect of the conditions of membership, ownership, control and management, and sources of finance. For co-operatives seeking registration under the 1965 IPS Act, the requirement is that they satisfy one of the following conditions:

(a) they must be a 'bona fide' co-operative society.

(b) the business must be conducted for the benefit of the community.

It should be noted that no fixed statutory definition of what constitutes a bona fide co-operative exists, but the Act refers to conducting the business for the mutual benefit of members, and control being exercised on the "one man – one vote" principle, as probable characteristics of such a co-operative. Furthermore, the Registrar would usually expect returns on share and loan capital to be limited, and profits after these payments to be distributed in proportion to members' trade with, or contribution towards, the business of the society. In general no artificial restrictions should be made on membership.

Under the IPS Act the ownership of over £5,000 of shares per member is forbidden, and therefore, for sums above this amount incorporation as a company is necessary to ensure the protection of limited liability. Most of the new industrial or worker co-operatives, many of the housing co-operatives, and all of the traditional consumer co-operatives register according to the IPS act. Its terms are also favoured by some 70% of the agricultural co-operatives.

## The Case of Housing

Overall legal and managerial control of the co-operative housing sector is undertaken either by the Registrar of Friendly Societies or the Housing Corporation, or jointly by both. Registration under the former secures incorporation with limited liability. Incorporation allows the co-operative to borrow money, own property, enter into contracts, and sue and be sued as a legal entity. The co-operatives' accountability is maintained by their annual submission of returns and audited accounts to the Registrar. Registration with the Housing Corporation confers the benefits of eligibility for its subsidies, loans and other grants. In return the co-operatives are subject to Corporation supervision and control through annual returns and accounts, monitoring visits, the requirement that the sale of co-operative property be dependent on Corporation permission etc.

There are arguably two major reasons for the limited role played by housing co-operatives in the British housing market as compared with the position in many European and North American

(1) See "The Co-operative Renaissance in the UK", by R. Rhodes No. 3/1982 of ICA Review for a fuller treatment of this and other aspects of worker co-ops.

countries: firstly, the relatively widespread availability of mortgage finance through the building societies and banks, and secondly the breadth of public housing provision. The first major development of co-operative housing took place in the 1960s, in the form of co-ownership societies. In 1976, a Co-operative Housing Agency (CHA) was set up by Government to work with, and through, housing co-operatives. It had the following functions:

(i) to create a suitable legislative and administrative framework for housing co-operatives;

(ii) to help to make available financial resources for co-operative development;

(iii) to promote the principles and techniques of co-operative housing;

(iv) to provide assistance in legal, financial and educational project development and housing management matters to co-operatives.

In 1980 the CHA was closed and its responsibilities absorbed by the Housing Corporation. In Britain a housing co-operative usually owns and manages the housing occupied by its members for their collective benefit. The members of the co-operative 'control' the housing they occupy, and the individual member does not own his dwelling.

Three types of housing co-operative have been recognised by the Government. The main differences concern the financial arrangements involved:

**(i) Par-Value (or non-equity) Co-operatives**

In this type of co-operative no share equity accrues to individual members. These co-operatives collectively own, and democratically control, the management of the housing occupied by members, and retain the benefit of increased property values on behalf of the whole membership. The value of members' investment remains at 'par'.

**(ii) Management Co-operatives**

These are sometimes classified as a sub-group of par-value co-operatives. In this case the co-operative retains its management but ownership is in the hands of a local authority or housing association which pays a fee to the co-operative for the management.

**(iii) Co-ownership Societies**

In this category of housing co-operative the value of a member's investment or contribution can vary somewhat according to changes in the value of the society's property or the level of loan repayment. However, any appreciation in the value can only be realised if the member leaves. Originally co-ownership societies were largely unsubsidised and were financed by a combination of member investment and mortgage loan. More recently, because of increased costs, there have been variations on co-ownership – the most important of which are equity-sharing and mutual community leasehold – which involve a larger amount of subsidy.

## Consumer Co-operative Movement

The Co-operative Union stands at the top of the organisational structure of the consumer co-operatives. With very few exceptions all societies in this area are affiliated to it and therefore the term Co-operative Union is practically a synonym for the British consumer co-operative movement. The present managerial structure consists of a Central Executive Committee (with a full-time chairman) drawn from 9 representatives of the retail societies, 8 from the Co-

operative Wholesale Society (CWS) and 2 from Scotland. These members are elected or appointed from 8 sectional boards. The fact that some of the representatives also sit on regional committees of the CWS expresses the need felt within the consumer co-operative circles that the national policies of the wholesale and retail societies should be synchronized. This need has been all the more acutely urgent recently, as the pace of the 'retailing revolution' and the pressures from competitors have grown. In the face of continuing and deepening trading losses in the movement as a whole (since 1979) Co-operative Retail Services, the largest of the retail societies, is set to merge with the CWS to produce a group with a potential £2.25 billion turnover. There has been a marked quickening of the pace in mergers and amalgamations elsewhere, with the number of retail societies falling from 303 in 1971 to 206 in 1980, and further to 135 in 1982. The 1982 Co-operative Congress declared its aim to reduce this number to 25 regional societies within the next 2 years. The total membership of the Co-operative Union is about 170 societies. The 135 retail societies dominate its membership and employ about 100,000 people in more than 7,000 shops and stores, with a turnover of £4,260 million. The CWS, the central organisation acting as a major supplier to, and manufacturer for, the retail societies, contributes a turnover of some £2,000 million, employing 24,500 people. In addition the Co-operative Union counts the Irish Wholesale Society, Co-operative Insurance Society, and national chains of chemists and shoeshops together with a handful of productive societies amongst its membership.

## Agriculture

In agricultural and horticultural co-operation the Central Council for Agricultural and Horticultural Co-operation (CCAHC) is the national co-ordinating and directing body. The Agricultural Act of 1967 allocated it 3 tasks. Firstly it is to organise, develop, and co-ordinate all types of co-operation in agriculture and horticulture. Secondly, it is to advise the Minister of Agriculture in all areas relating to co-operation in these industries. Thirdly it has to administer a scheme of grants chiefly designed to aid co-operative activities in production and marketing. In 1974 an additional responsibility was given to the Council for improving agricultural marketing, partly in response to a weakness in this area vis-à-vis Britain's newly acquired EEC competitors. The Council is comprised of a Chairman, his deputy and 12 other members. They are appointed by the Minister of Agriculture. Six people are independent while the other 8 are appointed from nominations put forward by the 3 farmers' unions and the 4 central associations. A 6 person management committee leads the daily business functions. One obvious comparison can be drawn between the organisational structure of the CCAHC and the consumer co-operative movement, namely the direct influence in the case of the CCAHC of Ministers in the appointment of the central body.

While most of the 550 British agricultural co-operatives operate independently of one another, nearly 30% of this total are involved in one or more second-tier enterprises. Most second-tier enterprises are incorporated as companies, as registration under the IPS Act would require that all member co-operatives are IPS societies or that they have at least 7 members. Three main types of second-tier co-operative have been distinguished by consultants acting for the CCAHC:

- Firstly, an *association* whose main purpose is to share marketing or purchasing information. In this loosely integrated group some activities may be co-ordinated for members, but normally no central policy-making or trading is undertaken.
- Secondly, a *federation* which is an incorporated body and in which some central management of a common commercial activity is vested by the member co-operatives. Final decisions within the overall framework of the federation's general policy lie with the individual member co-operatives.
- Thirdly, a *federal* in which the second-tier organisation assumes (has delegated to it) full responsibility for the execution of agreed policy; that is the federal concept can be explained in terms of sovereignty and power. In a federal co-operative the member bodies retain some sovereignty but the federal has the power to act within the area of interest assigned to it. In Britain most of these second-tier organisations have been formed as associations or federations, usually for the purpose of marketing agricultural and horticultural goods.

## Co-operative Banking

The co-operative banking and credit sector consists of the Co-operative Bank plc and the newly-established credit unions. In 1971 the Co-operative Bank became a wholly-owned subsidiary of the CWS by Act of Parliament and 4 years later was admitted to the London Bankers' Clearing House, the first new entry for 40 years. The 1970s was a period of rapid expansion for the Bank in which it became the fifth largest in the UK. Recently it recorded its 1 millionth customer account, but still remains relatively small compared to the fourth largest Bank. Because of this limitation it does not act as banker for the whole co-operative sector. Traditionally its ties are with the consumer retail and wholesale societies, but it nevertheless has in excess of 40% of the worker co-operatives' accounts.

It has also been in the vanguard of progress with loan guarantee and start-up capital schemes to the small business sector (including co-operatives). The loan guarantee scheme introduced by the Chancellor of the Exchequer in 1981 makes available guaranteed loans for amounts up to £75,000 repayable in 2 to 7 years. Successful applicants obtain guarantee cover for 80% of the loan with interest set at 11.2% above the Bank base rate. For the Guarantee, the Department of Industry charges a premium of 3% of the guaranteed portion of the loan.

Since the end of 1981 the Co-operative Bank has been able to offer loans via the European Coal and Steel Community. To qualify under the terms of the scheme co-operatives would have to have 50 employees, operate in areas designated as coal and steel closure areas, and employ at least two redundant coal and steelworkers. The term of the loan is for 8 years, with the first four years free of capital repayments. An interest rebate of a maximum of 3% is applicable for the first five years based on the number of jobs created and the capital expenditure involved.

In addition the Co-operative Bank has a start-up scheme for worker co-operatives matching pound for pound the capital raised by members. Loans available for 3-7 years for sums up to £25,000 are granted if evidence can be shown that all or nearly all the workers in the enterprise have taken a shareholding of between £500-£1000.

| Activity | *No. of Co-operatives* | *% of total* |
|---|---|---|
| Advisory, Consultative and Educational (incl. Computer Software, Insurance & Language Schools) | 33 | 6.6 |
| Building, House Renovation and Decoration, Cleaning, Waste Recycling | 69 | 13.8 |
| Crafts, Carpentry, Furniture-making and Joinery | 40 | 8.0 |
| Engineering, Electronics, and Chemicals | 41 | 8.2 |
| Footwear, Clothing and Textile Manufacture | 32 | 6.4 |
| Printing and Publishing | 75 | 15.0 |
| Provision and Hire of Transport, Bicycle and Motor Vehicle Repairs | 13 | 2.6 |
| Record, Film and Music making; Theatre | 46 | 9.2 |
| Retail, Distributive, Catering and Food Processing | 151 | 30.2 |
| | 500 | 100.0 |

## Producer (industrial and service) Co-operatives

There has been a steady growth of industrial and service (worker) co-operatives in recent years in Britain. Their task consists more in creating employment and offering services than in making large returns on investment. Profits are usually divided up on the basis of work put into the co-operative, and less often on the dividend on shares, which is in any case limited. British worker co-operatives are heterogenous and occur (as was reported in the 1982 CDA Directory) in the areas of activity shown above.

The Industrial Common Ownership Movement (ICOM) represents the most important supportive organisation for potential worker co-operative enterprises, offering sets of model rules which ease the process of registration. Under the Industrial Common Ownership Act of 1976, more than half of those employed in the enterprise must have full voting rights. The enterprise can then turn to ICOM's sister organisation, the Industrial Common Ownership Fund (ICOF) to apply for short and medium term credit. Since November 1981 ICOF's main funds have been withdrawn and therefore three possible financial sources remain:

- Firstly, from successful worker co-operatives who are prepared to allocate a part of their surplus to the support of other co-operative enterprises.
- Secondly, from people sympathetic to the common ownership ideal.
- Thirdly, from the returns to ICOF from the £250,000 Government funds lent out between 1977-1981 which can be recycled.

## Future Outlook

The prospect of a growing co-operative sector in the British economy has natur-

ally been greeted with open arms by people connected with the movement. But before the euphoria builds to tempt statements as bold as that of Sidney and Beatrice Webb writing in "Consumers' Co-operation" in 1921: "A 100 years hence . . . learned treatises will give more space to consumer's co-operation, its constitution and ramifications than to the rise and fall of political parties or the personalities of successive Prime Ministers", commentators on the present situation can probably do no better than Professor R. Henzler writing an essay in tribute to A. Bonner in 1967 "Co-operatives . . . are now forced to struggle continually against competitors in an effort to maintain and increase their efficiency in promoting the members' welfare. Adjustment to these continually changing situations calls for flexible and variable entrepreneurial policy on the part of co-operatives and makes it necessary for them to give up traditional principles of procedure, at least as principles. The more thoroughly this is done, the sooner will co-operative policy be able to do justice to, and cope with, the new circumstances . . ." This sentiment rings true throughout the British co-operative movement today.

# Recent Trends and Experiences of Co-operative Development

by Nikolaus Newiger*

## Introduction

The World Conference on Agrarian Reform and Rural Development (WCARRD) of 1979 gave prominence to the role and importance of popular participation in rural development. WCARRD stressed that "rural development strategies can realize their full potential only through the motivation, active involvement and organization at the grassroots level of rural people, with special emphasis on the least advantaged in conceptualizing and designing policies and programmes, and in creating administrative, social and economic institutions including co-operatives and other voluntary forms of organization for planning, implementing and evaluating them." The WCARRD approach is based on the assumption that active participation of the poor can only be brought about by adequate people's organizations at the local level and decentralization of government decision-making in a manner to allow the local people to influence them adequately.

In many developing countries, co-operatives are among the most promising institutions that have the potential to stimulate people's participation. Governments of most developing countries have thus come to give increasing attention to co-operative development which is conditioned by the socio-economic system of each country. However, in spite of government intention and the potential of co-operatives to promote a broad based development, co-operative performance in many developing countries leaves much to be desired. The following brief review attempts to explore some of the major trends and experiences of co-operative development since WCARRD.

## Co-operative Policies

Co-operative policies of most developing countries appear to support the WCARRD Declaration of Principles and Programme of Action with emphasis on involving the rural poor. This is also reflected in many national development plans, which emphasize the role of co-operatives in the context of rural development. However, these policies have not yet had any tangible impact in most of the developing countries. This is due to a number of reasons. For instance, the efforts of many countries to balance urban and rural development in terms of policy priorities and resource allocation are not always as successful as expected. In a number of countries, improvements in living conditions have chiefly benefited the urban population,

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which is smaller, but is growing faster and is politically more powerful, thus widening further the gap between rural and urban areas in respect to incomes, services, amenities and the general quality of life. In the majority of countries, price policies and terms of trade between industrial and agricultural products were in favour of the industrial goods, thus benefiting the urban population. Many governments are holding down food prices in the urban areas for obvious reasons. This often results in governments fixing prices for farm produce which are below the incentive level. As a consequence, many small farmers are forced to return to subsistence farming and/or marketing their food through parallel markets.

Also, in the case of export crops, governments are inclined to maximise the margin between export prices and prices paid to the farmers as an important source of revenue and foreign exchange. While these may be legitimate government decisions, they do not always take into full account the need to motivate farmers through prices and related incentives. The performance of co-operatives of small farmers is directly affected by these policies.

This inconsistency of policies and resource allocation in respect to urban and rural development is further aggravated by the lack of co-ordination of activities between different departments and equally important, the lack of decentralization of decision-making to lower levels. In spite of policy declarations and even regulations providing for concerted effort of different departments in support of co-operative activity, co-ordination of activities between departments and the decentralization of government decision-making still constitute a major challenge and prevent co-operatives from becoming active partners of development. There are notable exceptions to this general trend, such as the Indian Integrated Rural Development Programme, which is particularly catering for the poor, and in which co-operatives receive special attention. The target under the IRD Programme is to assist 15,000,000 families during the five-year plan 1980-85 on the basis of 600 families on an average per year in each of the 5,011 blocks of the country.

## Co-operative Promotion

Another trend negatively affecting co-operative development is the lack of truly promotional institutions. Government departments by their very nature are primarily to perform regulatory functions, with emphasis on registration, law enforcement, etc. As such, they are either not equipped and/or prepared to promote co-operative development. On the other hand, co-operative apex organizations which are being developed in many countries are in the majority of cases, still not capable of performing a promotional function. Very often they are confined to represent the movement vis-a-vis national and international agencies and organizations and to cater for some training and education of co-operatives at different levels. This training and education function is often more related to co-operative principles and ideologies rather than the actual requirements of small farmers' co-operatives. There are, fortunately, a few exceptions to this trend, which have been established many years ago. For instance, the National Agricultural Co-operative Federation (NACF) of Korea is, with the support of the government, a promotional body of the movement itself, catering for small farmers. It has all the means and authority to perform the promotional function efficiently.

Another positive example of a promotional body is the National Co-operative Development Corporation (NCDC) of India. The main function of the NCDC is to promote programmes of co-operative societies for the production, processing, marketing, storage, export and import of agricultural produce, foodstuffs, and commodities. Emphasis is also placed on programmes relating to the weakest sections of the community, including tribal co-operatives. NCDC is supporting programmes in different states of India. Among these are projects relating to storage and marketing which are implemented in collaboration with the World Bank and the EEC. NCDC is also catering for the training of co-operative managers at different levels as a major part of its promotional programme.

A more recent development is the establishment of the Co-operative Foundation Philippines, Inc. (CFPI) in 1979. The Bureau of Co-operative Development of the Philippines was responsible for both regulatory and promotional activity in support of co-operatives. The major reasons for this change of policy with respect to government institutions supporting co-operatives were given as follows:

(i) Running a co-operative business is not within government competence.

(ii) When government initiates co-operative development it does not contribute to self-reliance, contrary to such initiatives taken by the private sector or non-governmental organizations.

(iii) The level of technical competence of government personnel is comparatively low due to low salary scales offered by government as compared to the private sector, which can hire better qualified persons due to the flexibility in fixing salaries. It is difficult to develop competitive capability required for co-operatives in order to compete with the private sector within the context of a government supported environment.

(iv) Due to the hierarchical structure of the government machinery, many problems are brought to the attention of the central decision-making level, although they could be more efficiently solved at the society level if they were handled by a non-governmental agency.

The above is a vivid illustration of a decision taken by the government of the Philippines in favour of separating the promotional function from the traditional role of government departments.

## Involving the Poor

In reviewing co-operative experiences since 1979, it becomes apparent that existing co-operative organizations in most developing countries still do not involve or serve a large majority of the rural poor. Their membership and especially the decision-making and resource allocation benefit largely the better-off rural people. The rural poor, who perform most of the work, even though frequently not fully or effectively employed, have little or no possibility to participate in making decisions that affect their future wellbeing. They lack access to appropriate and timely inputs and services, effective and profitable markets for their meagre surpluses and they lack the means to prevent imposition on them of technology or programmes they cannot use. Thus, co-operative development continues to stagnate far below its potential.

Co-operatives which are expected to work under these and similar conditions are certainly not in a position to change

the status quo. On the contrary, rural co-operatives within such a socio-political setting are most likely to be dominated by the rich, thus increasing the inequalities of the prevailing power structure. This phenomenon of strengthening the social stratification through co-operatives is fairly common in many developing countries.

The vested interests which have obstructed change at the local level, cannot be expected to be the initiators of change. Co-operatives can do little to reduce injustices and exploitation unless strong government measures are taken to change the social system. Without land reform, and other substantial programmes transforming the basic socio-economic structures of life, small farmers' co-operatives are not likely to grow into a significant movement. Thus, land reform and small farmers' co-operatives are functionally related and together provide an institutional framework within which the multiple goal of rural development can be achieved.

The case of Nepal illustrates how governments can re-orient co-operative development in favour of small farmers. A starting point for such involvement is a decision by the government to define who is considered to be poor, in terms of acreage and/or income. On the basis of such a definition of small farmers, governments are now in a position to specifically aim at the improvement of this target group. Statutory measures can then be enacted to ensure that the poorer members of co-operatives have access to the decision-making mechanism of co-operatives and the resource allocation. Such a decision was taken by the Government of Nepal in 1981 whereby two-thirds of the seats available on the Ward Committees are now reserved for the small farmers, as well as two-thirds of the seats on the Boards of Directors of the primary co-operatives. While this is true for co-operatives catering for all types of members, the Government of Nepal has also decided in favour of creating a special type of co-operative i.e. the small farmers' co-operatives (SFC) which is confined to small farmers, as defined by law.

It is expected that a similar government decision as a result of an FAO mission may be taken by the Government of Nepal, with regard to the disbursement of credit. FAO has proposed that 80% of the total volume of credit of primary co-operatives should be allocated to small farmers. This is particularly relevant in view of the fact that so far, about 65% of all credits went to large and medium farmers.

In this context, mention should also be made of group collateral as opposed to the conventional bank collateral, i.e. land or other assets. The group collateral benefits particularly the disadvantaged rural poor, and has been tried successfully in a number of FAO projects in Nepal, Bangladesh, the Philippines and India. It is also an essential feature of People's Participation's Projects (PPP) supported by FAO in Africa and the Near East.

## Government Direction

While one of the major reasons for the shortcomings of co-operative development in terms of involving the rural poor has been the dominance of the rural elite, the overbearing direction of governments is of equal relevance. The traditional co-operative doctrine proclaims the independence of co-operatives vis-a-vis the governments. This doctrine evolved under conditions prevailing in relatively developed and wealthy democratic western societies. It needs to be modified in the circumstances of most developing countries

today. It is clearly not applicable in countries where the government has opted for a co-operative style of organization for society as a whole, e.g. Tanzania, China, Vietnam, etc. But even in countries with mixed economies, governments intervened extensively to promote rural development through the mechanism of co-operatives. It is generally accepted that government support is an essential prerequisite of widespread growth in developing countries. In fact, it is difficult to conceive of a massive involvement of people in co-operatives without the leadership and strong support from governments, especially in the context of rural development and agrarian reform.

However, government support of co-operatives, which is important, especially at the initial stage, is not without problems. This is particularly relevant with regard to those governments which are based on the mainly hierarchical structure of their societies. It is also for this reason that many governments tend to look upon co-operatives as their instrument of power and development, and not so much as organizations of people who can and should determine their own objectives and participate in decision-making. Consequently, members often look at co-operatives as another type of government service rather than their own organization, and often lose interest in active participation. Likewise, government officials tend to develop paternalistic relationships with the .rural poor. Often government action substitutes for local effort and co-operatives look upon themselves as privileged minorities dependent upon permanent government subsidies. There are numerous examples illustrating this state of affairs such as the provision of managers by the governments of several countries.

This process is further enhanced by the time factor. Co-operatives and other small farmers' organizations in developing countries which are supported by government in one way or another are expected to develop too quickly. This has often led to the establishment of organizations, the only evidence of which is the entry in the Register, after or even without a very brief period of activity. While this may improve progress reports of some government officers, it undoubtedly has led to further disappointment and loss of confidence on the part of the members.

The ideal rule, according to which governments should begin as champion, continue as partner, and abide as friend, is far from being implemented. As a matter of fact, there are not many governments of developing countries which have succeeded so far in creating a favourable environment in which co-operatives can grow and become self-governing institutions. Such a process would require governments to gradually delegate responsibility to co-operatives as part of a phased plan and continuing process of de-officialization, thus making co-operative members real partners in the process of development.

If co-operatives of small farmers and other disadvantaged rural groups are to play a significant role in the economic and social development, they must unite in some national structure, such as a national federation of co-operatives, which has been established in many countries with the support of governments. However, the crucial test here is the extent to which such federations, having been established, are given the necessary authority and assistance to make them effective institutions leading to full participation of co-operatives in rural and national development.

There are a few positive examples of

efficient national co-operative organizations along the above lines which were established prior to 1979 such as the Jordan Co-operative Organization (JCO) and the National Federation of Agricultural Co-operatives (NACF) of Korea. They constitute co-operative organizations at the national level which have the capacity and authority to represent the movement effectively and to discharge their function of promoting co-operative development. Equally important in this respect is the representation of co-operatives in government and quasi-government bodies such as Marketing Boards, Planning Authorities and Banks. Most governments have not yet involved representatives of co-operatives in these bodies as decision-making partners.

Another area of importance is that of national planning. Only a few governments support and practise the idea of involving co-operatives in this process. One of the few exceptions is the Japanese government, which came to realize that one of the best ways to enlist the farmers' participation is to closely involve their co-operatives in the process of planning. Likewise, the farmers realized that in order to increase their earnings, they should closely collaborate with government authorities through their co-operatives. As a result, regional plans for agricultural improvement are formulated by co-operatives in close collaboration with government authorities. These plans are based on assurances of adequate marketing facilities and prices.

## Co-operative Action at the Grassroots Level

Another major trend which is closely related to the dominance of the rural elite and governments is the lack of co-operative involvement at the grassroots level. In other words, most co-operatives in developing countries do not reach down to the farmer. This is very often the result of the classical dilemma of co-operatives aiming at economies of scale on the one hand, while trying to maintain social cohesion of small groups on the other. In all, or most, of the countries observed there is a trend towards making the primary co-operatives very much larger in order to form an economically viable unit. In general, small farmers' co-operatives at the primary level are covering more than one village. In the majority of cases, this is appropriate from an economic point of view. It fails, however, to bring about social cohesion and active involvement of the poor at the grassroots level. The small farmers, and especially the landless labourers cannot identify themselves with the big organization which is far away from their homes and which is run by people they cannot trust, i.e. either a rural elite or government officers or a combination thereof.

In view of the trend towards much larger primary co-operatives, there is an urgent need to promote the establishment of small formal or informal grassroots level groups comprising between 20 and 40 members, partly to involve the farmers in the planning and implementation of both co-operative and farming activities and partly to ensure the best possible service by the co-operatives to their members. Such groups should be cohesive, flexible and informal and a two-way communication system must be built between them and the primary co-operative itself. It is essential to ensure compatibility between the economies of scale as represented by the larger primary co-operative and the flexibility of small groupings through which member contact and member participation can be maintained.

The strengthening of such groups should proceed simultaneously with the development of professional management organization within the co-operatives. The more that farmers are directly involved in the planning process, the better they are likely to implement the production programmes. Such grassroots level groups should be the vehicles not only for the decision-making by farmers, but also for farm guidance provision, experiments with more advanced agricultural practices and new inputs and generally for raising the professional capabilities of small farmers.

A number of countries are actively encouraging the formation and development of small informal groups. This is, for instance, the case in Sri Lanka, where the common denominator of a small group is a particular commodity to be produced and/or marketed by that group. A similar approach is adopted by Indonesia in the context of its KUD Development Programme. The FAO/UNDP project "Primary Co-operative Development" is assisting the Indonesian government in this respect since 1980. While the efficiency of the KUD system (i.e. the primary co-operative organizations) is being promoted, economic activities on the basis of small groups concerned with fish-raising, rice procurement, coconut production and similar activities are encouraged simultaneously.

A key role in this context is performed by the group organizer, a function which is a major characteristic of the people's participation projects in Asia and Near East, supported by FAO. In this manner the process of group formation is initiated at the grassroots level. Based on this development from below, the groups will eventually form a new co-operative or join an existing co-operative.

## Production Orientation

Improving the productivity levels of small farmers and other disadvantaged groups is an important policy goal of WCARRD, as is the achievement of food security for the poor, through increased food production and fair distribution arrangements. In most of these countries, where it is crucial to narrow the gap between food supply and overall demand, increased agricultural production depends largely upon raising the performance of the very numerous, predominantly small farmers, whose own living standards are among the first to need improvement. However, the review of recent developments would suggest that the conventional type of co-operative, as originated in Europe and transplanted under the colonial regimes in Africa, the Near East and Asia, where it still predominates, is mostly a merchant type service co-operative. It promotes individual farms by taking over one or more partial functions to be performed by the agricultural producer. These functions are normally confined to credit and savings, and supply and marketing. Thus the co-operative society is acting mostly as a single or multi-purpose society performing either one or more partial functions related to the agricultural production requirements.

Such a distributive concept ignores the need to promote agricultural production as a basic concern of the co-operative. Production being the key, the small farmers' co-operative must be production oriented and production motivated and all the planning in and around it should start from this premise. This is of particular relevance to countries where the small family peasant farm characterizes farming.

Experience in various developing countries has indicated that the capabilities of co-operatives and other small farmers' organizations can be significantly increased if they become more closely oriented to the production process. This means that small farmers' co-operatives are concerned with what takes place on the farm and not simply with providing commercial services. In other words, raising the efficiency and improving the viability of the members' farms and raising the income of farm families becomes a prime focus of their attention.

In adopting this orientation, the organizations achieve greater relevance to the vast numbers of small farmers upon whom increased production very largely depends. Besides helping the small farmers to raise the level of their performance they provide a broader means of communication between the primary producers at grassroots level and the planners at other levels.

Action to increase agricultural production through small farmers' co-operatives can take many forms. Generally, one of its basic ingredients is some degree of production planning between the associated farms within the co-operative. In this manner lines of production, targets and requirements can be more clearly assessed and the means to deal with them more precisely determined. Traditional activities such as credit, input supplies and marketing then become functionally integrated with the production process and with each other. In other words, co-operatives will only bring about significant improvements in the lot of the small farmer if they become more production oriented and develop links both with the farm, aimed at enhancing the farmers' productivity as well as keeping up to date with new methods of processing and marketing, including by-product utilization to reap the rewards of added value for the farmer.

This type of production-oriented, integrated co-operative system has been successfully experienced by co-operatives in Japan, Korea and other countries.

The production oriented approach of integrated co-operative systems is a major feature of the FAO programme on the development of appropriate management systems for agricultural co-operatives (AMSAC), which is assisting member countries of FAO in Africa, Asia and Near East since 1980, to improve co-operative performance through tailor-made national training and action projects and programmes.

## Involvement of Women

The World Conference on Agrarian Reform and Rural Development has emphasized that rural development should be based on growth with equity, which will require the full integration of women, including equitable access to land, water, other natural resources, inputs and services, and equal opportunity to develop and employ their skills. Particular emphasis has been placed on the promotion of collective action and organization by rural women to facilitate their participation in the decision-making process.

Many governments and co-operative movements are supporting the involvement of women in co-operative activities and development through action at the policy, project and programme level. This effort is supported by inter-governmental agencies such as FAO and the non-governmental agencies, in particular, the International Co-operative Alliance. Several regional and national meetings and training courses have been held for instance, in East Africa, organized by the ICA as well

as in Asia and Latin America, which are specifically promoting the involvement of women.

All these efforts and projects such as the project sponsored by FAO in Honduras (1979) and Colombia (1980) for women's self-help groups in food production are aiming to integrate women in the process of co-operative development. This calls for co-operative organizations in which men and women share responsibilities on equal terms. Very often, however, due to cultural and social conditions prevailing in some countries, there is a need to establish separate women's co-operatives as the only and immediate solution to involve women in co-operative activities. Particular efforts are made by all supporting agencies to foster this process through various activities promoting the concept of Technical Co-operation among developing countries (TCDC) such as the 1983 workshop promoted by FAO on exchanging experiences among African countries in support of involving women in co-operatives.

## Technical Assistance

The trends and experiences observed in the preceding sections are reflected in the technical assistance provided by bi-lateral and multi-lateral agencies in support of co-operatives in developing countries. There continues to be a tendency to transplant models of donor countries rather than to develop these to local requirements. The lack of initiatives integrating co-operatives into the general concept of rural development can also be observed in technical assistance projects supporting co-operatives as separate institutions unrelated to larger development efforts.

On the other hand, there are also positive tendencies worth mentioning. For instance, the reduction of the long-term expert component of technical assistance projects and provision of highly specialized short term co-operative consultancies. This implies a major transfer of technical responsibility to the recipient country with the exception of specialized areas where such experience is still required from abroad.

In the majority of technical assistance projects, government-to-government support is still the rule of technical assistance to co-operatives. However, there are notable exceptions, which are based on the assumption that non-governmental organizations could promote co-operatives more efficiently than government departments. For instance, the external aid to co-operatives provided to Zambia by the Swedish International Development Authority (SIDA) was exclusively channelled to the Zambia Government. This has been changed in 1981 in favour of direct "Movement to movement" co-operation. It implies that the Swedish Co-operative Centre (SCC) will now provide the aid directly to the Co-operative Federation of Zambia, with the full support and agreement of the Government of Zambia. Obviously, this entails that both the donor NGO and the recipient NGO must have the capability to take over the role hitherto performed by the respective government agencies.

While no conclusive lesson can yet be drawn from this experience, it is important to follow this innovative development closely, with a view to extending the experiences gained to other countries and regions.

There is yet another aspect worth mentioning in relation to technical assistance, i.e. the relationship of technical assistance to investment.

Research undertaken by the World Bank, for instance, shows that about half

of all its agricultural and rural development projects in the financial year 1981, sponsored in various ways the activities of rural co-operatives and other forms of farmers' organizations. It should be emphasized that this is not the result of any priority accorded to co-operatives by the Bank, which still has no policy regarding co-operative development.

The World Food Programme has also shown keen interest in co-operatives as a result of a report on food aid and co-operatives prepared in collaboration with ILO and FAO. A number of world food programme (WFP) projects contain co-operative or similar institutional components. One of the most successful is the Operation Flood in India.

The experience of the Small Farmer Development Project in Nepal has demonstrated that well-conceived technical assistance projects, with rather limited funding, are in a position to prepare the ground for larger investment efforts. With the financial assistance of the International Fund for Agricultural Development (IFAD), the programme was expanded to 31 districts of Nepal. The IFAD loan agreement became effective in July 1981. It would be desirable therefore that investment agencies such as the World Bank and Asian Development Bank (ADB) plan their investment projects in such a way that they are preceded by preparatory technical assistance phases with a view to strengthening the co-operative structure and capability on which the investment project will have to rely.

# CHARTER OF CO-OPERATIVE TOURISM

ADOPTED by the ICA Congress in Moscow (1980), the Charter of Co-operative Tourism was produced by the Working Group on Tourism set up as a result of a resolution adopted by the ICA Congress in Paris (1976). The Commission responsible for this work was led by Mr J. P. Champeaux, President of the Working Group.

This Group, which comprises 15 Co-operative Organisations working in the field of tourism, is now restructuring into a federation of technical and non-technical bodies (co-operative travel agencies, Tourincoop – an international financial society for the development of holiday villages).

The Charter, already signed by several organizations, proposes concrete collaboration between touristic co-operatives.

## CHARTER OF CO-OPERATIVE TOURISM

The undersigned Co-operative Organisations:

**– considering:**

- that in a great number of countries tourism has become a basic social and economic feature of our times,
- that it is a privileged means of becoming aware of the underlying unity of humanity and an important factor in the development of relations between peoples and hence, a special instrument for promoting international understanding and peace,
- that it is, and must remain, an affirmation of individual freedom,
- that it must be open to the greatest number of people and offer the best conditions regarding price objective and accurate information,
- that subsequently, and because of its specific function, the Co-operative Movement should take an interest in it.

**– drawing from:**

- the principles of action set down by the International Office of Social Tourism during its General Assembly in Vienna, October 1972,
- the International Co-operative Publicity Charter, adopted by the Co-operative Press Committee in September 1978.

**– pledge to:**

- ensure between themselves the absolute respect of engagements they have subscribed to and the application of the present Charter,
- promote the development of tourism for their members, at the national and international level, by implementing the following principles of their activities:

# Chapter 1

## On the National Level

- The setting-up, support and development of any organisation which facilitates the opportunity of holiday stay and travel to their members, offering fair costs and good quality service,
- Support of actions of all representative organisations of social tourism, especially by intervention by national and international public authorities developing measures to aid investment in tourism (material aid) and to allow the greatest possible number of people to go on holiday (individualised aid).

# Chapter II

## On the International Level

### (a) about information

- Complete user information by the accurate and objective advertising of services available, especially:
  - content of stays and tours,
  - conditions of transport and accommodation,
  - content and guarantee of price and cancellation conditions,
  - conditions and terms of payment,
  - conditions of insurance and assistance, and claims procedure,

  all of which should be in the form of detailed contractual documents which should be brought to the attention of potential travellers before their definite registration.
- Information to travellers visiting a country where there is a Co-operative Movement should be provided together with details of Co-operative events taking place during their stay. (For the host country, provision of aid for realization of their programmes.)

### (b) about quality of services

- Systematic and prior consultation of the host country's Co-operative Tourism Organisations at least once a year, before the finalising of plan for tours or stays.
- The commitment of the Co-operative Organisations of the host country:
  - to ensure the same conditions of welcome and information for travellers coming from abroad as those offered to travellers from within their own country,
  - to provide help in all circumstances, especially in case of difficulty or an unforeseen occurrence during the stay, to travellers coming from Co-operative Organisations signatory to the present Charter,
  - to work-out a system of International Co-operative Mutual Assistance.
- The creation of an "International Co-operative Tourism Label" for the exchange programmes respecting the principles defined above and including a knowledge of Co-operative activities in the host country.

**(c) about international co-operation**

- Active collaboration with all International Organisations working towards the same objectives of defending and informing the consumer who is travelling or on holiday,
- Development of inter-co-operative relations to give both these categories of tourist a better knowledge of co-operative realities and to develop friendship between peoples,
- The multiplication of contracts aimed at creating clearing houses for international co-operative exchange of services,
- Help in setting-up Co-operative Organisations specialised in tourism for those member countries of the ICA which are still without such organisations.

*It is paradoxical to note that the Japanese Co-operative Movement is winning support in favour of peace at the same time as the Japanese authorities, prompted at Williamsburg to doubt the efficacity of the American Defensive "Umbrella", are considering equipping themselves with a deterrent Defensive Force. The almost triumphal voyage undertaken by Mr Nakasone to convince his partners in South East Asia of the necessity of Japanese rearmament does not conceal, however, the profound aversion to military solutions which the people of Japan acquired in 1945.*

# JAPANESE CONSUMERS' CO-OPERATIVES AND PEACE

## 1. Peace is the base of consumers' co-operative activities

During World War II, Japanese citizens were controlled in their political, economic and cultural activities and were deprived of all democratic rights. The consumers' co-operative activities were also deprived of liberty and were oppressed by the war regime. From this bitter experience, we learned that peace is the base for rehabilitation and development of the consumers' co-operative movement in the post-war era.

In March 1951, the Japanese Consumers' Co-operative Union (JCCU) was established. At that time, a military and economic separation between the western and eastern blocs was developed and the cold war between the two camps was accelerated. The Korean War was taking place creating the danger of a third world war. The word, "peace" again became taboo. Under such social circumstances, "The Peace Declaration" was adopted at the JCCU's Inaugural Congress and in its "Inaugural Declaration" we asserted with great courage that "peace and a better life is an ideal of the consumers' co-operative movement, and the accomplishment of this ideal is our greatest mission at the present time."

### Our principle for peace

Since our Peace Declaration, we have always asserted that "to protect our livelihood" and "to keep peace" are inter-related and the two cannot be separated. In our international activities, we joined the ICA (International Co-operative Alliance) in 1952 and at our first ICA meeting in 1954, we proposed "The Resolution against Atomic and Hydrogen Bombs." We received an enthusiastic response. Since then, we have consistently appealed for a ban on atomic and hydrogen bombs at all ICA meetings. "Peace" is now the common goal of co-operative organisations in the world.

In our domestic activities, we joined the campaign against atomic and hyd-

* This article has been proposed to us by Mr S. NAKABAYASHI, President of the Japanese Consumers' Co-operative Union and member of the ICA Central Committee. It represents the position of the majority of the member societies of this organization.

rogen bombs from the start, without taking into account individual thoughts and credos. The campaign began on the occasion of the Bikini Atoll Incident in March 1954. The Suginami Co-op and the Tsuruoka Co-op headed a signature campaign against atomic and hydrogen bombs. We sent delegates to the 1st World Conference against Atomic and Hydrogen Bombs in 1955. Since then, we have sent our delegates to a world conference each year except during the period when there was a split in the campaign.

At the World Conference in 1981, we sent a total of 4,000 co-operators to Tokyo, Hiroshima and Nagasaki. They took with them a good number of hand-made gifts for victims of the atomic bombs, including 2,000,000 folded-paper cranes. Co-operative members accounted for 20% of the total participants, and JCCU is now playing an indispensable role in the unification and development of the campaign. Eleven organisations, including the Japan Confederation of Atomic and Hydrogen Bomb Victims Associations, the National Federation of Regional Women's Organisations, the Japan Youth Council and religious groups formed "The Committee of Citizens Groups of Victims' Problems" which organizes activities for the estimated 370,000 victims of atomic bombs. They are demanding past and present compensation for victims from the government and demanding that there be "no more victims". They collected over 1,000,000 signatures for "Victims Relief Law".

## Peace campaign in the place of living

The movements against atomic and hydrogen bombs which had been split for over 14 years were again unified at the World Conference in 1977. Since then, the number of citizens participating in the peace campaign has increased, and it can be said that the campaign is now unable to go forward without the participation of the general public. It means that the campaign should return to the fundamental issues it was concerned with when it was started by housewives and other citizens against atomic and hydrogen bombs after the Bikini Atoll Incident in 1954. The present campaign, however, does not have enough power to avoid the danger of nuclear warfare as it is not conducted on a really national scale. "Voices for peace" should penetrate into communities, and the campaign must be spread through the citizens' daily lives.

The post-war generation accounts for a large proportion of the Japanese population. In 1981, we held "The War and Atomic Bomb Exhibition" in various places in Japan, presenting the fear of warfare and nuclear weapons and the importance of keeping peace. The exhibitions were held at 1,500 places and were seen by over 2,000,000 people. We are, thus, gradually spreading the movement to consider peace through local communities.

"Grass-roots campaign" is now a common expression in Japan. Consumers' co-operatives are bodies of citizens organized in various places throughout Japan. Anyone can join, notwithstanding their individual thoughts or political credo and their activities are based on the everyday life of citizens. When we consider this characteristic of a co-operative organisation, we strongly feel the importance of our role to promote grass-roots campaigns for peace.

- **Quotation from "Inaugural Declaration"**
  We, co-operators have recognized the devastation of World

War II, and on every International Co-operative Day, we have always sworn with our fellow co-operators in the world that we should act as "apostles of peace". Peace and a better life are the ideal of the consumers' co-operative movement and the accomplishment of this ideal is our greatest mission at the present stage.

- **Quotation from "Peace Declaration"**
  Protection of the living rights of the general public cannot be achieved without a guarantee of peace. On the establishment of the Japanese Consumers' Co-operative Union, we shall stick to the principles of the International Co-operative Alliance and renew our determination for peace, and swear to fight for world peace and protection of the living rights of the general public through our activities.

  (Both were adopted at the JCCU's Inaugural Congress on March 20th, 1951.)

## 2. Diverse Campaigns for the Second UN Special Session on Disarmament (SSD II)

### Basic activities of campaigns

During the year of 1981, we made efforts to promote campaigns towards SSD II to be held in 1982. We based campaigns on strengthening our activities to spread the word for peace throughout local communities on a daily basis. If the national signature campaign is regarded as a direct approach aimed at SSD II, our activities till Autumn 1981 could be called "outpost actions". We consider that our basic activities were a success.

### The War and Atomic Bomb Exhibition spread "voices for peace" into communities

In the 1980s, trends towards militarization have become noticeable. The post-war generation is in a majority in the Japanese population and the memory of the war and atomic bombs is fading away. Under such circumstances, we held "The War and Atomic Bomb Exhibition" in order to stop the trend towards war. We mainly presented actual tragic facts in the exhibitions which stimulated those who saw them to consider all possible means to live in peace. We learned this from the numerous letters we received from participants, and we also received their co-operation in our signature, fund collecting and folding paper-crane campaigns.

At the beginning, we planned to hold the exhibitions at 200 places in Japan, but they were actually held at 1,500 places. This was the result of a great response from our members and citizens, and thereby, our confidence in the significance of our campaign was further strengthened. By December 1981 over 2,000,000 participants from 200 co-operatives were recorded as having visited the exhibitions. During the campaign, programs were improved. At earlier exhibitions, mainly photographs and articles left by the atomic victims were displayed. In the course of the exhibition campaign, the response from citizens increased and an extension of the campaign was strongly supported, and we, therefore, added various events, such as film shows, symposiums, lectures and the accounts

of experiences of the atomic victims. At first the exhibition campaign was conducted solely by the co-operative union but later it was organized in conjunction with local groups. The campaign thus spread into communities. We also took an active approach to local governments and mass communication media, thereby drawing the attention of the general public, from whom we received support and co-operation. We were pleased that children also attended the exhibitions; not only with their parents but also as pupils of primary schools and junior highschools attending the exhibitions as extracurricular lessons.

Thus, the war and atomic bomb exhibition became a campaign on a large scale. In past peace campaigns, such means were not so widely taken. Since this, active practice by co-operatives became popular and various bodies are now adopting this in their activities as a new type of campaign method. Our exhibition campaign, thus, received a high appraisal. The Japanese Consumers' Co-operative Union also presented sets of photographs showing the horrors of the atomic bombs to 16 co-operative organisations in 14 countries. These photographs are evoking response among people of the world. The result of the war and atomic bomb exhibition was to raise the question of peace in communities and to give people the opportunity to consider the alternative of warfare and atomic bombs, or peace. It became the base of the peace movement.

## 1981 World Conference with the largest number of participants

The World Conference took place in August 1981. Consumers' co-operatives appealed for the significance of the World Conference and the importance of peace campaigns at Han group meetings and at atomic bomb exhibitions. Many co-operatives held study meetings and made efforts to send their delegates to the World Conference. Various campaigns were conducted in support of the World Conference including signatures for Victims Relief Law, the fund collection and folding paper cranes.

At the World Conference, 37 members attended international meetings and 711 attended Tokyo gatherings, and we sent 4,000 members to Hiroshima and Nagasaki. This was the largest number of delegates we had ever sent. We also conducted our own activities, such as exchanges with victims and also hospital visits. "Toronagashi", (i.e. praying for the souls of the dead by floating paper lanterns on the water in Hiroshima) and organizing gatherings on boats in Nagasaki were our new activities. These activities gave our members further confidence in our campaigns and also contributed to the success of the Conference. The participation of 400 children was especially significant, as it indicated the World Conference as a place for peace education for youth. The campaigns of the World Conference in 1981 gave guidance to our activities for SSD II.

## Swelling national campaigns aimed at SSD II

Mr Nakabayashi, the President of JCCU, and nine other distinguished persons called for a "SSD II National Liaison Committee for Nuclear and General Disarmament." This Liaison Committee was formed on November 14th 1981 and through it preparations were made for SSD II. Important roles of the Liaison Committee were the promotion of the national signature campaigns and the


*Co-operators appealing for nuclear disarmament at JCCU Hiroshima Meeting held in Hiroshima in August 1982.*

organisation and promotion of domestic campaigns and activities at the United Nations. It was also decided that the Liaison Committee was to include a wide range of participants from the public. The JCCU sent its representatives to the board and the secretariat of the Liaison Committee.

Since the start of the Liaison Committee, we received a remarkable response from the general public. Members of the Liaison Committee reached 176. Inquiries and requests to participate in campaigns were regularly received from citizens who did not belong to any organisations. These included children of primary schools and junior high-schools and proved that a great concern for peace is felt throughout society. We received many inquiries daily from January to March 1982. Approximately 3,000 letters from citizens reached us during this period and we despatched forms for 1,500,000 signatures. Thus, movements against nuclear weapons and for disarmament were enhanced. Declarations against nuclear weapons by literary men, scientists, theatrical people, musicians, and photographers were announced one after another, and such declarations elevated the campaigns. Groups which did not belong to the Liaison Committee also evolved their own signature campaigns. Thus, the campaigns for SSD II raised by the Liaison Committee created a drive for peace by the general public as a whole. A large participation from those who had shown no interest in such previous campaigns, gave a strong stimulus to the campaigns and helped to widen the circle of activities. A total of 28,000,000 signatures were collected, and the fund reached 5,000,000 yen.

Two large gatherings were also organized as domestic campaigns for SSD II; one was "Hiroshima Action for Peace of 1982" which took place in Hiroshima on March 21st and attracted 200,000 participants. The other, "Tokyo Action for Peace of 1982" was held in Tokyo on May 23rd and was attended by 400,000, the largest number in the history of peace campaigns. The success of the two gatherings indicated that a drive against nuclear weapons and for peace has been spreading gradually among the people, and hit back against opposing movements censuring our campaigns as "stratagem by left-wingers" and "anti-US movements".

## Co-operative activities aimed at SSD II

Consumers' co-operatives in our country, which had carried out peace campaigns in association with other organisations, began preparations for SSD II on the basis of results obtained from their atomic bomb exhibitions and the World Conference against Atomic and Hydrogen Bombs in 1981. From the end of 1981 to the beginning of 1982, they conducted study meetings, discussing various themes among members, such as "What is SSD II?" and "Why is a peace campaign needed now?" It gave their members confidence in their peace campaigns and also enlarged the circle of activities. In Chiba, they published a serial in their bulletin "Why is a national signature campaign necessary?" and the subject was discussed at the leaders' meeting. In Kitakyushu, Osaka and Kyoto, they produced their own pamphlets explaining peace matters in a simple form and distributed them to their members. The JCCU prepared pamphlets "Peace Now" and distributed 70,000 copies to 116 co-operatives. At the same time, "The Atomic Bomb Exhibition for Mothers and Children", an improved form of our previous exhibitions, took place. This exhibition combined a film "The Lost Generation" and a lecture about peace. The campaign was conducted both on a large and small scale with large gatherings held in association with local authorities, local boards of education, women's organisations and mass communication media. It made rapid progress to a national movement in conjunction with the grass roots campaign. The Kanagawa Co-op played a leading role in this exhibition campaign, drawing 300,000 citizens to 34 places during 96 days. The Consumers' Co-operative Unions in Gunma and Shizuoka Prefectures called on co-operatives in their areas to organize unified activities. The large participation of schoolchildren was beyond expectation. The exhibitions conveyed to the younger generation facts about atomic bombs and the importance of keeping peace. They also worked on a collection of the personal impressions of participants which indicate the general desire for peace.

The signature campaign and the fund collecting campaign for sending delegates to SSD II started in February 1982 and involved 5,000,000 co-operative members. These two campaigns were the conclusion of our previous activities. Full-time co-operative employees inspired their members with enthusiasm, and conducted street campaigns, opening "peace corners" at stores and asking the people directly for co-operation. In these campaigns, we demonstrated our wishes for peace, but at the same time we extracted "voices for peace" from people in the street, who had never attended peace campaigns before. Street activities took place in many areas from the end of January 1982 and in Saitama and Osaka, they conducted these activities

*Mr Nakabayashi submitting 29 million signatures to Mr J. Pérez de Cuéllar.*

regularly and consistently from April to June 1982. The national unified street action taken on April 30th, 1982 was the centre of these campaigns which were organized by 20 co-operatives at over 150 places in Japan. This type of campaign was new to our previous conventional methods. It gave us further confidence in our peace movement.

The national signature campaigns were promoted in various places in Japan with enthusiasm and with unique ideas. A member was requested to collect ten signatures from his or her family or friends. Also hand-made gifts and messages for peace were collected for SSD II.

368 out of 672 JCCU-affiliated co-operatives joined in these campaigns, and 3,810,000 signatures were collected and handed to the delegates who attended SSD II at the United Nations in New York. 67 out of these co-operatives collected a larger number of signatures than their number of members. This had never happened in our previous campaigns. There were also cases in which one co-operative managed to gather signatures four times as large as the number of its members, and another where a co-operative collected signatures from almost all the residents in its area. In addition to various campaigns for SSD II, 3,000 co-operative members attended the Hiroshima Gathering on March 21st and 37,000 attended the Tokyo Action on May 23rd 1982. All these activities played the important role in the campaigns for SSD II, and in conclusion, we sent our 200 delegates to SSD II.

## 200 co-operators marched for disarmament in New York

In June 1982, the Japan NGO Delegation consisting of 1,212 members representing a wide range of organisations visited New York to observe the discussions at SSD II and have exchanges with peace-loving people from the United States and many other countries, although about 300 Japanese were refused visas and couldn't come to the UN. The Japanese Co-operators Delegation of 200 representatives, comprising 50% housewives and 50% male managers and employees, constituted one of the strongest wings and played the important role in this NGO Delegation. For instance, Mr Nakabayashi, the JCCU President submitted over 29 million signatures including 3.8 million co-operators' ones on behalf of the Japan NGO Delegation to Mr J. Pérez de Cuéllar, the UN Secretary-General on June 10th. In the historic grand rally of June 12th when one million people gathered at Central Park, the co-operators delivered 600,000 folded paper cranes as the symbol of aspiration for peace to the marchers and passers-by. They also took part in various events such as a briefing meeting, the observation of discussions at the General Assembly, a petition to UN representatives of many countries, peace concerts etc. and they were often admired for their well-organised activities through Han groups. In addition to these UN-based activities, the Japanese Co-operators Delegation had several opportunities of exchange with American co-operators, i.e. Cooperative League of the USA (Washington DC), Greenbelt Cooperative, Inc. (Maryland), Co-op City and Baychester Consumer Cooperative Society (New York), Consumers Cooperative of Berkeley, Inc. and Consumers Cooperative Society of Palo Alto, Inc. (California). In these visits, the meaningful exchange was made at grass-root level and the desire for lasting peace was shared among co-operators of both countries.

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*In June 1982 the Japanese Co-operative Movement adopted a special resolution for the Preservation of Peace. The following month the ICA Women's Committee made an appeal to women co-operators everywhere for the Promotion of World Peace and Disarmament. These two initiatives (printed below), and the initiatives of many other national co-operative movements, contributed, without a doubt, to inspire the ICA's Resolution on Peace and Disarmament (Rome, Oct 1982). This third document was published in the Review of International Co-operation (Vol. 75/No. 4 1982).*

## SPECIAL RESOLUTION FOR PRESERVATION OF PEACE (ADOPTED AT 32ND CONGRESS OF JCCU)

In pursuit of peace through our daily life we engaged ourselves in the task of collecting 30 million signatures requesting nuclear and general disarmament. Two hundred co-operators, carrying JCCU's 3 million signatures with them participated in the United Nations Special Session for Disarmament and contributed significantly to the successful exchanges among nations.

In unison with the enhancement of anti-nuclear movements in Europe and the United States, the movement in Japan has grown to a nationwide scale. However, peace and life have been seriously threatened while military spending is continu-

ously upgraded and the voice against the peace advocating Constitution is becoming louder.

The seemingly endless nuclear arms race and the buildup of nuclear stockpiles have increased the danger of nuclear annihilation to an unprecedented scale.

We, therefore, believe that the peace movement has never been so crucially important than it is now. So, let us join in the effort to spread the voice of "No More Hiroshima, No More Nagasaki, No More Hibakusha, No More War" to every corner of Japan and the whole world.

We pledge herewith to make every effort to bring peace, together with other peace loving forces.

* * *

## APPEAL TO WOMEN CO-OPERATORS ALL OVER THE WORLD

We the Women's Committee of the International Co-operative Alliance at our 20th meeting in Reykjavik 5th-6th July 1982 express grave concern over the dangerous development of the present international situation.

We note with growing alarm that the arms race has reached an unprecedented scale. Stockpiles of mass destruction weapons, new types of ever more sophisticated and lethal weapons are being developed. We also emphasize the damage caused by the weapons used in the economic war.

Every day 40,000 children die. 100 million children go to sleep hungry. 10 million children will slowly become disabled in mind and body because of insufficient nutrition. 200 million children have no school to go to.

The gap between rich and poor countries is widening, not closing. The United Nations have agreed that 0.7% of the Gross National Product should be given as official development aid. This target has not yet been achieved by all countries.

In the Report to the Special Session on Disarmament of the United Nations General Assembly it is stated:

"The world can either continue to pursue the arms race with characteristic vigour or move consciously and with deliberate speed toward more stable and economic development. It cannot do both."

Women the world over still have the main responsibility for the children. It is therefore natural for women co-operators to be specially concerned about the future for these children and to demand the complete abolition of all nuclear weapons and to support all endeavours towards disarmament.

On the occasion of our meeting today and of the 60th Co-operative Day celebrated on 3rd July 1982, we wish to support the statement made by the President of the International Co-operative Alliance, Mr Roger Kerinec, at the Special Session for Disarmament of the United Nations in June 1982.

Mr Kerinec said: "And it is time that nations, all nations, learn that real courage does not consist of facing death bravely but of living with others. Of course it is difficult, but it can be done. Each day evidence is given that there is another way of establishing relations between nations, by making them accustomed to working together by co-operating."

We appeal to you, women co-operators all over the world, to do all you can to influence your governments to show that kind of courage, and use less money on the arms race and more on the development of equality between nations and people. This is the only way to build a lasting peace in the world.

# Book Review

## CARING & SHARING

### The Centenary History of the Co-operative Women's Guild

**by Jean Gaffin and David Thoms,** Co-operative Union Ltd., Holyoake House, Hanover Street, Manchester, 1983. 280 pages. Price: £3.50.

*"It is not in the interest of States, and it is not therefore, true social policy, to encourage the existence, as a rule, of women who are other than entirely dependent on man as well for subsistence as for protection and love . . . Married life is a woman's profession; and to this life her training – that of dependence – is modelled. Of course by not getting a husband, or by losing him, she may find that she is without resources. All that can be said of her is, she has failed in business, and no social reform can prevent such failures."*

This rather lengthy quotation from the book "Caring and Sharing" which appeared in the Saturday Review, a consistent opponent of the Women's Movement, in November 1859 gives us an insight into a typical, if not universal view of women in the mid-nineteenth century. It was an attitude which had not changed much thirty years later and it was within this climate that the Guild was founded in 1883. The book "Caring and Sharing" tells the moving story of the development of the Guild from its first stirrings in the "Women's Corner", (a section of the "Co-operative News" which first appeared in January 1883) up until the present day. When the Guild was founded, for a woman to speak in public was for her to disgrace her husband, and working-class women were widely exploited both at home and at work. The Guild quickly became the voice of women, challenging sexual discrimination and fighting for rights such as equal pay, free contraception, abortion, better maternity facilities, improved infant and child care and the welfare state.

Many of the campaigns the Guild initiated caused great controversy, especially where they challenged male supremacy, for example the paying of maternity benefits to the mother and the divorce reform campaign which cost the Guild its Union Grant for four years.

The most courageous campaign was the White Peace Poppy Campaign which advocated the wearing of the White Poppy in place of, or in addition to, the Red Poppy on Armistice Day to show the Guild's abhorrence of war and dedication to peace. Naturally this initiative provoked a certain amount of criticism, as did the Guild's work with conscientious objectors during and after the wars. However, this was only one aspect of the Guild's drive for world peace. The Guild has worked consistently for the promotion of world peace through the organisation of meetings and visits to foster understanding between women of different nationalities

and lobbying not only for the ban of the nuclear and neutron bombs, the testing of nuclear bombs etc., but also for the ban of war films and toys. However, despite their stand against war the Guild had a practical approach to the realities of war and the plight of those affected by it, as is shown by their tremendous work to alleviate the suffering of war, especially their work catering for servicemen and the general public in London's air-raid shelters.

In the fifties the Guild fought tenaciously for standards and benefits we now take for granted including safer toys, improved road and home safety, health and hygiene rules in shops and restaurants and better school dental health services. They also continued the fight for free contraception, abortion and increased representation, which had been started in the early years of the Guild.

In fact, the campaigns fought by the Guild are an accurate mirror of the concerns of the times. For example 1982 shows resolutions supporting a peaceful settlement in the Falklands, against the National Front and for legislation on glue-sniffing as well as a deep concern for ecological problems.

The book shows clearly the changes which have taken place in the structure of the Guild as it struggles to adapt to changing times. Some of the major problems are a decline in the number of members, an ageing membership and the closure of branches. These are due to many factors including the drop in the number of co-operative stores and meeting facilities and the increased numbers of women going out to work. The Guild also has to compete with other claims on women's time, including other women's organizations as well as television and other home-oriented leisure activities. The book also explains how the Guild lost influence within the Co-operative Movement as a whole, by becoming involved in too wide a range of interests and by spending too much time working with other organizations.

However, with the current economic situation and the drastic rise in unemployment, women with no prospects of paid employment may be attracted by the opportunity the Guild offers for community work and commitment to political ideals. It is possible, therefore, that we may see an upsurge in recruitment and in the deep commitment and dedication to the promotion of co-operative principles and to a better quality of life for all, which characterized the Women's Guild during its pioneer days.

This book was launched on May 4th as part of the centenary celebrations of the Guild. The launching was attended by the two authors of the book, Jean Gaffin and David Thoms.

Mrs Jean Gaffin is Executive Secretary of the British Paediatric Association and formerly senior lecturer in social policy in the Department of Nursing and Community Health Studies, of the Polytechnic of the South Bank, London. Her earlier essay on Guild history "Women and Co-operation" appeared in the book "Women in the Labour Movement" edited by Lucy Middleton. Mr Thoms is principal lecturer in history in the Department of Politics and History at Coventry (Lanchester) Polytechnic. His research and teaching interests are in the area of economic and social history.

MARY TREACY

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International Co-operative Alliance

# Review of International Co-operation

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IN THIS ISSUE:

# The International Co-operative Alliance

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

It comprises organizations in every continent, and its total affiliated membership through national organizations exceeds 360 million from consumers, agricultural, housing, credit, workers' productive, artisanal, fishery and other co-operative societies.

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

It promotes, through auxiliary trading, housing, banking and insurance organizations, 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 to co-operation.

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

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

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

Vol 76 No 4 1983

The official organ of the International Co-operative Alliance

*Editor:* J-F. Kister

## Contents

# Please note
# Change of Address

**On 21st of November, 1983 the ICA Head Office moved to new and permanent premises.**

**All correspondence should now be addressed to:**

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# Greetings to Mr WATKINS

Mr William Pascoe Watkins, the well-known former Director of the ICA celebrates his 90th Birthday on December 5th 1983.

The International Co-operative Alliance, members of the Secretariat past and present, the readers of his books, his friends and co-operators throughout the world would like to join together to send him greetings and congratulations on this occasion.

All those who know Mr Watkins personally or through his works about the International Co-operative Alliance* will be interested in learning that, in his function of President of the Society for Co-operative Studies, he has propagated the idea of a Co-operative Forum which will bring into closer relationship the various sectors of the Co-operative Movement in Britain. He is also writing his memoirs and, with the help of colleagues, updating a manuscript on Co-operative Principles.

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* Books by Mr Watkins include *The International Co-operative Alliance 1895–1970* (published by the ICA); *The International Co-operative Movement – Its Growth, Structure and Future Possibilities* (published by the UK Co-operative Union), also published in German under the title *Die Internationale Genossenschaftsbewegung – Ihr Wachstum, ihre Struktur und zukünftigen Möglichkeiten.*

# Canada's Co-operative Sector – after 75 Years of Growth

by Bruce Thordarson*

IN his landmark study on *Co-operatives in the Year 2000,* prepared for the 1980 Congress of the International Co-operative Alliance, the late Alex Laidlaw wrote that the history of the co-operative movement could be described in terms of three crises – credibility, managerial, and ideological.

Canada's co-operative sector has experienced all three crises. While some have been overcome by different parts of the movement, all three trends remain very much in evidence today some 75 years after the movement's first apex organisation, the Co-operative Union of Canada, was established in 1909.

## Credibility

It may seem difficult to speak of a crisis of credibility for co-operative organizations that market more than 80 per cent of Canada's grain, for dairy co-operatives which handle almost half of Canada's processed milk products, for credit unions in Saskatchewan and caisses populaires (popular banks) in Quebec which provide 50 per cent or more of the personal financial services in their province, for Canada's second largest general insurance company (The Co-operators), or for the largest consumer co-operative association in North America (Calgary Co-operative). In all of these areas, and more, co-operatives have shown that highly successful businesses can be run on other than an investor-owned basis. More than 10.5 million Canadians – out of a population of less than 25 million – hold membership in at least one co-operative organization.

At the same time, however, co-operatives cannot overlook the fact that they have generally made limited penetration in major urban areas of Canada, with the exception of some financial services and in cities where the rural influence remains strong. One of the major challenges facing the co-operative sector in its dealings with the federal government, and some provincial governments, remains the tendency of legislators and particularly civil servants to think only of investor-owned business when formulating legislation or regulations. The concept of employment or worker co-operatives and, to a lesser extent, housing co-operatives, is still regarded by many as a fringe activity outside the economic mainstream.

## Management

The second crisis identified by Dr Laidlaw, the managerial crisis, has also been overcome by some parts of

* Bruce Thordarson is the Executive Director of the Co-operative Union of Canada.

the co-operative movement, but still exists. As in many countries around the world, Canadian co-operatives during their early years often became synonymous with business failure, largely due to inadequate or non-existent management. With time this problem has been overcome. Managers in major co-operative organizations are now, for the most part, every bit as professional, well trained, and well paid as those in the private sector.

Nevertheless, there is little doubt that the managerial crisis is far from over. Most co-operative members can recall from their recent past the example of at least one co-operative manager whose skills were overtaken by the rapid growth in size and sophistication of his organization. In other cases co-operative managers have become "burnt out" by the formidable pressures of running an efficient business enterprise within a democratic and highly-politicized environment. Boards of directors continue to experiment with the merits of hiring their senior managers from the private sector, or promoting from within.

Another problem is the lack of business training with a special orientation toward co-operative management in Canada's universities and business schools. The Co-operative College of Canada's valiant attempt to upgrade the content of co-operatively-oriented material in all levels of the education system is a recognition of the need to provide co-operative managers with special skills, and to provide students generally with an appreciation of co-operatives as an alternate form of business.

The managerial crisis continues to exist, too, for the proliferation of "new wave" or "emerging" co-operatives that are springing up in a whole host of service and small-scale production fields. Many of these organizations are repeating the mistakes of their co-operative predecessors through inadequate management practices. The Federal Business Development Bank has recently recognized the special needs of these small co-operatives, and there is hope that its new CASE-C consulting program involving retired co-operative executives will provide them with at least some degree of the necessary managerial expertise.

## Ideology

Dr Laidlaw's third crisis, the ideological, is a particularly common one for many current co-operative members and leaders. Now that most co-operatives have proven themselves to be just as credible and managerially competent as other forms of enterprise, what more should they be doing? Some co-operative members experience considerable frustration at seeing their organizations adopt the same advertising or other business techniques as the private sector. Others believe that it is not enough for co-operatives to be successful business enterprises, but that they also have a responsibility for a broader, more distinct role.

While most co-operative members would probably agree that the purpose of their organization is primarily economic – since the vast majority of co-operatives have been established to serve the economic needs of their members – there is a growing feeling that co-operatives have not been as successful in fulfilling a broader social role. Even these critics, however, would be hard pressed to

define exactly what that social role should be, or how it should be measured. The increasingly active role that Canadian co-operators are playing in international development through the Co-operative Development Foundation of Canada, which is now supporting 130 projects in 33 developing countries, appears to be a widely-accepted social activity within the movement. The establishment by the Co-operative Union of Canada of a social analysis task force, arising from the recently-completed Co-operative Future Directions Project, is another attempt by co-operative sector leaders to grapple with the complex question of the true purpose of co-operatives.

## Sectors and Regions

In addition to these three major challenges presently facing the co-operative sector in Canada, there are at least four major directions in which the movement as a whole appears to be heading.

While it is difficult to generalize among different sectors and regions, the trend toward consolidation of activities and reinforcement of existing strengths is widespread. It is reflected in the co-operative retailing system's "growth from within" campaign with its emphasis on expanding member business; in the credit union system's current emphasis on finding ways to increase its equity base and to encourage greater member involvement in decision-making; in the decision of United Co-operatives of Ontario to increase the authority of local managers and to decentralize managerial power within the organization; and in a general unwillingness of organizations to venture too aggressively into industries or areas outside their special field of expertise.

If there is one common theme in this trend toward consolidation it is the desire of co-operative organizations to move closer to their members in terms of meeting their demands for service and involving them increasingly in their own organizations. Co-operatives across the country are experimenting with new communications systems, including satellite and two-way television, in an attempt to strengthen their ties with members.

A second major trend is that of integration and interdependence. This momentum developed during the last decade, when co-operative organizations in all sectors and parts of the country realized the need to work increasingly together. The co-operative financial institutions have developed a strong national system which enables them to be at the forefront of modern technology in such fields as debit cards, automated teller machines, and electronic fund-transfer systems. The willingness of the three provincial wheat pools to work together in lobbying the federal government on freight rate matters was in large part responsible for their ability to bring about significant changes in the proposed legislation last spring. Interprovincial Co-operatives Ltd continues to provide co-ordinated domestic and international purchasing power for the wholesale co-operative systems as well as the pools.

While each co-operative sector continues to work primarily in its own field, there is an undeniable growth in the feeling that Canada's co-operative organizations all belong to a common co-operative

sector with similar values and interests. Although the degree of commonality may differ from organization to organization, many of the old barriers of the past have been broken down and the trend is clearly toward more, rather than less, co-operation among co-operatives.

## National Presence

A third unmistakable trend is the success of Canada's co-operative sector in establishing a significant national presence. It is reflected in the very considerable influence that co-operative organizations are now exerting on the federal government in Ottawa, although the sector as a whole still has a considerable distance to go to exercise its full potential. The co-operative sector is now routinely consulted in pre-budget and other major discussions by the federal government. The successful launching of the Co-operative Energy Corporation, with assets approaching $150 million, significantly increased the visibility of co-operatives in Ottawa, as well as in the business community, and demonstrated the potential for mutually beneficial joint ventures between co-operatives and government. The co-operatives which have made a specific effort to influence government in recent years – notably the credit union system, the co-operative housing movement, and, more recently, the wheat pools – have all experienced notable successes.

In the development of this expanded national presence, a significant feature has been the close collaboration between English and French-speaking co-operative movements. The Co-operative Union of Canada works closely with its French-speaking counterpart, *le Conseil canadien de la coopération*, on major legislative issues to mutual benefit. The all-party support for the legislation which established Co-Enerco was a reflection of the success of the co-operative sector in avoiding too close an identification with any one political party. There is every reason to believe that a stronger co-operative presence in Ottawa will receive increased support from all major political parties in the years ahead. This in turn should translate into opportunities both for existing co-operatives and for co-operative development in new areas.

## International Role

Finally, it is clear that the international role played by Canadian co-operatives will continue to expand. While co-operative organizations have traditionally been somewhat reluctant to look beyond their local needs, there is a growing awareness of both the responsibility and opportunities which Canada has in the international field.

In the area of international development, Canada's co-operative movement has already become a world leader. The decision of the English-Speaking movement to designate the Co-operative Development Foundation of Canada as its international development arm, paralleled by similar developments in Quebec, have resulted in strong programs of support for overseas co-operative development. The positive assessment of these activities by the Canadian International Development Agency indicates that Canadian government support for these ventures will increase as long as there is continued commitment

from the co-operative sector itself.

In the field of international business, Canadian co-operatives are already active in some sectors and likely to become more active in others. "The Co-operators" uses its overseas links for reinsurance purposes, while both the credit union system and the Desjardins movement have been active on international money markets. Exports are important to a number of Canadian co-operatives, many of which have their own international marketing operations. The recent international co-operative food processing conference in Ottawa, organized by the Co-operative Union of Canada, demonstrated the considerable potential which exists for expanded trade and technology exchange for Canadian co-operatives which are active in the grain, fruit, fish, honey, and dairy fields. Although it will take time to explore this potential fully, it is clear that Canadian co-operatives have to date only scratched the surface of their international commercial capability

In the representational area, too, Canadian co-operatives can be expected to play an increasingly important role. Canada's credit union system was influential in the recent restructuring of the World Council of Credit Unions, and Canada's co-operative movement has recently become more active within the ICA, to which Canada is now the eighth largest dues contributor.

## Co-operative? Economic? Social?

By way of conclusion, what can one say about the future of Canada's co-operative sector? In articles and speeches across the country, pessimism is frequently expressed about the lack of member involvement, the deviation of co-operatives from past principles, their similarity with other forms of business, and the problems plaguing a number of sectors. If one were to read only these comments, it would be easy to despair.

And yet, it must be remembered that co-operatives cannot be all things to all people. By representing as many individual members as they do, they inevitably also represent different needs and interests. For some members the social role of co-operatives will be predominant, but for others their basic needs consist of the best possible economic service. Admittedly the Canadian co-operative system is a long way from the co-operative "commonwealth" that many of its visionaries would prefer. The support which the system provides to co-operative education is weak, and there is no source of venture capital for the development of new, promising co-operative enterprises.

What does exist in Canada, after more than 75 years of co-operative development, is a range of organizations which have proven that economic enterprises can be operated successfully, and to the great benefit of their members, on co-operative principles. There is also every reason to believe that the time is ripe in Canada for continued co-operative growth. The co-operative sector's emphasis on individual needs, rather than the pre-eminence of invested capital, coincides with the desire of many Canadians for greater control over their economic destiny through institutions that are both economically efficient and responsive to their needs.

As co-operative leaders continue

to struggle with a variety of problems, and as members are called upon to support their organizations to an increasing degree, no one could deny that Canada's co-operative sector faces a host of challenges in the future. As usual, Alex Laidlaw put it well when he said: "Of one thing we can be quite certain: co-operatives will be obliged to operate in a world that is largely not of their own making. But this is not to say that people working through co-operatives cannot help to make the future . . . The history of the future has not been written, and co-operators must be determined to have a hand in writing it".

# Co-operation in the Northern Environment of Quebec

by Denis Beaulieu*

*To speak of co-operation and co-operatives in the northern environment of Quebec is first to refer to the native population, the Inuit or "Men", then to the New Quebec region itself whose territory is situated in the northernmost part of the province of Quebec.*

## A very special milieu

The New Quebec Inuit live, fish and hunt in that part of Quebec territory which extends to the north of the 55th parallel, a land that measures 563,515 square kilometres or 36.5% of the total area of Quebec. This northern Quebec region is bordered on the west by the east coast of the Hudson Bay, on the north by the southern coast of Hudson Strait and the coast of Ungava Bay, on the east by the Labrador frontier, and on the south by the 55th parallel.

Northern Quebec is an immense plateau with a relief marked by the effects of the last glaciation. Almost a quarter of the territory is covered by water. Lakes and rivers, some of considerable size, abound. Moreover, some twenty bays and fjords cut deep into its coastline.

There are two climatic zones in this territory. One, the subarctic humid zone, is an area of forests. Here, temperatures for the warmest month of the year average over 10 degrees Celsius, and fall below −30 degrees Celsius in the coldest month. The other zone, known as the polar tundra, has colder temperatures yet and practically no forest at all; this is the zone nearer the Ungava Bay, the Hudson Bay and the Hudson Strait. The entire territory has but two seasons: a very short summer and a very long winter. Snowfall is expected from ten to eleven months a year, according to location.

On the whole, climatic conditions are severe and deeply affect all human and economic activity.

The territory's principal natural resources are, without a doubt, its immense hydro-electric and mining potentialities.

The native peoples of New Quebec live in thirteen villages scattered on the periphery of the territory. According to sub-region, these villages are:

| | |
|---|---|
| Hudson-Bay: | Kuujjuarapik, Inukjuak, Povungnituk and Akulivik |
| Hudson Strait: | Ivujivik, Salluit, Kangiqsujuaq and Quaqtaq |
| Ungava Bay: | Kangirsuk, Aupaluk, Tasiujaq, Kuujjuaq and Kangiqsualujjuaq. |

It is difficult to realize by looking at

* Denis Beaulieu, Head Office of the Quebec Government's co-operative associations.

a map just how remote, isolated and widely scattered these villages are. Ivujivik, the province's northernmost village, is 2,140 air kilometres from the city of Quebec. The greatest distance between two villages is 360 kilometres, between Kuujjuarapik and Inukjuak; and the shortest is 80 kilometres, between Aupaluk and Tasiujaq. All of these villages lie along the coast, on the shores of small bays, or at the outlets of rivers. There are no roads between any of the villages, and the aeroplane is still the most common and convenient means of transport.

## A Northern People

The Inuit population, with an average natural growth rate of 25 per thousand per year, has increased from 2,000 to 5,090 over the past thirty years. According to the age structure established in 1981, 42% of the Inuit population were under 15 years of age, 55% were between 15 and 64 and 3% were over 65, which means that the Inuit are still a young population. Fifty-two per cent of the population were male. There were 1,050 native families with an average of 5.2 people per family. As of July 1981, besides the Inuit, there were 425 Cree Indians living in Kuujjuarapik and almost 600 immigrants scattered throughout the region. And finally, there were some 400 Naskapi Indians in the south-eastern portion of this immense territory.

Most of the natives still carry on such traditional activities as hunting, fishing and trapping, although a growing number are also alternately taking on permanent or part-time jobs as guides, hotel-keepers, post-masters, messengers, cashiers, shop clerks, labourers, interpreters, teachers, etc. But adaptation to the demands of a salaried job is hard. Also, education in all its forms and the universal schooling of children have already had, and will continue having, extensive repercussions on the traditional homogeneity of these northern peoples. In addition, with the advent of small industry, commerce and urbanization in their isolated villages, the natives are being compelled to adapt more quickly to today's socio-economic world.

Finally, with the development of means of communication, the Inuit way of life has changed drastically. Dog-teams have given way to snow-mobiles, and paddles to outboard motors. The aeroplane has brought all of these native communities out of isolation, so that each year, a growing number of Inuit seek the cities of the South, to study, to do business or work.

## A turning point

In 1971, the Quebec Government announced its project to harness and develop the hydro-electric power of the rivers located on the east coast of James Bay, just south of the Inuit territory. Concerned with the ecological, sociological and political impact this huge project would have on their life and habitat, the Cree Amerindians living in this region tried at first to have the project halted in its early stages. Then, realizing the project was likely to extend into their territory also, the Inuit decided to join the Cree Indians in their protest. Unable, however, to interrupt the project, the native peoples entered into negotiations with the governments of Quebec and Canada respecting their rights and claims.

These negotiations culminated in

November 1975 in the signing, by the various parties involved, of the "James Bay and Northern Quebec Agreement".

By this Agreement, the terms and conditions of a new social contract were established between the Quebec society and the native peoples of the James Bay and New Quebec territories. The Agreement provided a whole set of administrative measures designed to enable the native population to define and control its own destiny.

The Agreement covered the following areas: the availability of specific benefits and advantages; the Category I, II and III land regime; hunting, fishing and trapping; environment; local and regional administration; benefits; social and economic development; health and social services; education; the administration of justice and the police services; a guaranteed income program for the Cree Indians and assistance to the Inuit in their hunting, fishing and trapping activities.

All of the Cree and Inuit natives who, as of November 15, 1974, could be identified as habitually living in the territory or who were known

*A CARVER ON HIS DOORSTEP – Inuit co-operatives have enabled many a native to make a living as craftsman, carver or engraver. Kuujjuarapik, Henry Napartuk. Photograph by Henri Dorval.*

*A VILLAGE OF THE NORTH – the Inuit have found in the co-operative formula a means of asserting themselves collectively and of taking in hand the development of their environment. Kangiqsualujjuaq. Photograph by Denis Beaulieu.*

members of the existing Cree and Inuit communities, were eligible to benefit from the advantages provided under the Agreement. The same applied to their descendants and adopted children. However, the Inuit residents of Povungnituk, Ivujivik and half those of Salluit, i.e. one third of the entire Inuit population, squarely refused to adhere to the Agreement.

## Co-operatives

Further to the permanent establishment of the Hudson Bay Company in the Quebec northland in the middle of the nineteenth century, a system of barter and credit developed between the Inuit and the Company. Furs served as the means of exchange. Of course, many other trading companies also tried to settle there at one time or another in order to pick up a share of this thriving trade with the natives, but without success.

By the end of the thirties, the international fur market had declined dramatically and prices had collapsed. The Inuit suddenly found themselves burdened with a currency that had lost its value and with consumer habits they could no longer satisfy. Faced with poverty and famine, they desperately searched for a new source of income.

By the end of the forties, the federal Department of Indian Affairs and Northern Development, in an effort to bring assistance to the natives,

began buying soapstone figurines and various objects which the Inuit of the North-East Arctic were no longer using. The presence of large soapstone deposits near Inukjuak and Povungnituk encouraged the inhabitants of these villages to produce more carvings.

Later on, the Povungnituk Inuit sought to find an additional means of rising above their material poverty and, particularly, of retaining for themselves a greater share of the fruits of their craftsmanship.

And thus, in 1958, Father Steinmann, who had been a missionary in the Canadian Arctic since 1937, persuaded the Inuit to join forces and set up the *Association des sculpteurs de Povungnituk* (the sculptor's association of Povungnituk) so as to be able to market their carvings themselves and reduce the number of middlemen between craftsmen and collectors. In June 1960, with help from the Quebec Government and the *Fédération des caisses populaires Desjardins* (The Desjardins Federation of Popular Banks), this first native association became the Povungnituk Co-operative Association, the second co-operative in northern Quebec. The first, the *Association coopérative de Port-Nouveau-Québec* (The Co-operative Association of New Port Quebec), had been set up in Kangiqsualujjuaq in April 1959, with federal government assistance, to operate the char[1] fisheries on a commercial basis.

Any description of the early co-operative movement in New Quebec would be incomplete without a mention of the first and only *Caisse*

[1] Any of a genus of small-scaled trout.

*populaire* (Popular Bank) in the entire Canadian North. It was founded in Povungnituk in 1962, again with the encouragement of Father Steinmann, and with the support of the *Fédération des caisses populaires Desjardins*. Unfortunately, in 1982, after 20 years of operations, the *Caisse* had to be shut down because of serious financial difficulties.

Therefore, following the formation of these two first Inuit co-operatives, one on the shores of Hudson Bay, at Povungnituk, and the other on the shores of Ungava Bay, at Kangiqsualujjuac, eleven other native co-operatives were established between 1961 and 1981. They were founded at Kuujjuaq and Kuujjuarapik in 1961, at Kangirsuk in 1964, at Salluit, Inukjuak and Ivujivik in 1967, at Kangiqsujuaq in 1970, at Tasiujaq in 1971, at Quaqtag in 1973, at Akulivik in 1977 and at Aupaluk in 1981.

In 1967, with a view to co-ordinating their development efforts, the five then existing co-operatives, with the assistance of the *Conseil de la coopération du Québec* (Quebec Co-operative Council), the *Mouvement Desjardins* and the *Gouvernement du Québec* (Quebec Government), founded the *Fédéra-*

*A CO-OP STORE – every co-operative carries on at least two activities: the operation of a supply store and the marketing of carvings and handicraft. The Akulivik local co-operative. Photograph by Denis Beaulieu.*

*tion des Coopératives du Nouveau-Québec* (Federation of Co-operatives of New Quebec). The head office of the Federation is now located in Ville Saint-Laurent, on the outskirts of Montreal. At present, eleven of the thirteen Inuit co-operatives belong to the Federation.

Inuit co-operatives have now been in existence for a quarter of a century. They have evolved and developed very rapidly during this period and this has been mainly due to the hard work and tenacity of the native peoples who have chosen to channel their nationalism through the co-operative movement.

## Membership

The thirteen Inuit co-operatives have a membership of 2,400 people which means that around 68% of the Inuit population aged 15 and over are members of a co-operative. Whether as a "consumer" or as a "producer", every native shares in the economic activity of the local co-operative. The co-operative supplies its members with the major part of their food and with such other essential items as clothing, hardware, snowmobiles, hunting and fishing gear, furniture, etc.; in some co-operatives, members can buy petroleum products such as gasoline and heating oil; natives go to the co-operative restaurant; they bring their carvings and handicraft and the products of their hunting and fishing to the co-operative for marketing; finally, they work in the hunting and fishing camps, in the motels, and in the co-operative stores and restaurants.

It is well worth noting that in six of the thirteen villages, the local co-operative is the only supply store around. In the other seven villages, there is also a store of the Hudson Bay Company.

Each local co-operative is a distinct legal entity, administered by a board of directors chosen from among the members at the annual general meeting. These directors meet at regular intervals to discuss current business and any special problems which might arise. Finally, the board of directors of each co-operative appoints its manager. In all of the co-operatives, the manager is a native and his employees are all natives also, their number varying according to the size of the business activity. To introduce the native staff to their work, and to improve their skills, the Federation organises training courses and regularly visits its affiliated co-operatives, providing them with as much technical assistance as possible.

The members of the 11 affiliated co-operatives constitute the general meeting which determines the major objectives of the Federation and approves its decisions. At the general meeting, ten natives from amongst the directors and members of the co-operatives are chosen by the members to constitute the Federation's board of directors. The board of directors in turn selects five of its own members to form the executive committee of the Federation.

Moreover, the board of directors chooses the general manager to whom it entrusts full management of the Federation.

Supported by a team of technicians and specialists, the general manager sees to the co-ordination of the affairs of the Federation and the development of the affiliated co-operatives.

## Activities

All Inuit co-operatives are involved in at least two specific economic activities: the operation of a supply store and the marketing of carvings, handicraft and furs. Several also sell and distribute petroleum products, or may operate a restaurant, motel, billiard hall or a hunting and fishing camp. Actually, all of these co-operatives are just as easily involved in the sale of consumer goods as in activities of production, supply and marketing.

The Federation, which is the natural outgrowth of the local co-operatives, pursues the same objectives as its affiliated co-operatives. Besides being involved basically with the marketing of native carvings, handicraft and small industry products, the Federation is an agency for the centralization of purchases and for the negotiation of financial loans and also acts as an accounting adviser. Furthermore, the Federation takes an interest in educating its native personnel, and that of its affiliates, and in training them in accounting and in administrative and co-operative work.

According to the annual returns that Inuit co-operatives filed in 1982, their economic activity that year globally amounted to 16 million dollars. However, as this sales figure depends on the variety and size of the activities of each individual co-operative, and as the level of development is different from one co-operative to the next, there was a difference of from 400,000 dollars to close to 3 million dollars in the annual sales figures of the smallest co-operative as compared with that of the largest.

Generally speaking, it can be said that 82% of the co-operative sales figures was attributable to consumer activities: general stores, restaurants, billiard halls and the sale of petroleum products. The remaining 18% involved "producer" activities such as the purchase and marketing of carvings, handicraft, engravings, furs and fishery products and the operation of hunting and fishing camps and motels. That same year, co-operatives redistributed to the local population some 4 million dollars in direct income in the form of salaries, purchases of produced goods and refunds. Co-operatives employ 120 natives, i.e. 11% of the salaried natives on the territory. In addition, a certain number of craftsmen, carvers and engravers are able to make a living from the practice of their craft because of the co-operatives.

On the whole, Inuit co-operatives disposed of 11.7 million dollars in assets and of 2.7 million dollars in members' equity in 1982.

From a strictly economic standpoint, the co-operative movement channels around 40% of the expenditure of the Inuit population and contributes approximately 15% to the population's income in terms of money.

## The beginnings of self-reliance

The New Quebec co-operative movement has had, and continues to have, a substantial economic impact on the native environment. However, perhaps its influence on the communities of the North has been greatest from the standpoint of social and political development.

The Inuit have an ability to adapt to new situations and have, therefore, reacted well to the upheavals which

have occurred in their habitat and in their way of life. They have also come to realize that, despite everything, their collective determination can, to a certain extent, influence the now irreversible process of change.

As early as 1958, when the Inuit created, developed and took control of the native co-operative movement, it was evident they were once again taking their own affairs in hand. First and foremost, the co-operative movement has made it possible for the Inuit to take part in the reorganization and economic development of their environment.

Besides seeking to accelerate the process of economic revival, members of co-operatives had decided from the outset to initiate the redefining of their social and political milieu. Using public information and education campaigns, they induced their members to think and act in terms of independence, self-determination and autonomy. And so, the traditional qualities of responsibility and family solidarity became manifest at the community level, and a new definition of native nationalism appeared.

To summarize, following the collapse of the traditional Inuit society, the co-operative movement has been providing the basis and the structure of a new social organization in the Quebec northern environment.

# World Food Council Pledges Drive to Eliminate Hunger and Malnutrition

by Wallace J. Campbell*

THE World Food Council of the United Nations met in New York in June 1983, in the face of the worst hunger crisis in recent years.

A report from the Executive Director of the World Food Council declared that "Africa's deteriorating food situation threatens the very survival of some African nations. It undermines their economic, social and political systems and causes great human suffering."

A similar report on Latin America and the Caribbean declares that "Among the developing regions of the world, Latin America and the Caribbean enjoy a great potential to fulfil the internationally agreed objectives of eliminating hunger and malnutrition in the foreseeable future. The resource base, natural and human, as well as technological and institutional, exists. The economic condition, both in the immediate perspective and in a long range view requires the evolution of adequate policies that will make the best use of the potential even in the face of immediate adverse, economic circumstances. It is a matter of political wisdom. The opportunity is within reach. Its fulfilment constitutes an economic and political imperative."

The newly elected chairman of the World Food Council, Minister of Agriculture Eugene Whalen of Canada, summarized the situation in his ministerial address to the World Food Council. He said that "World cereal stocks have increased due mainly to higher production in the major exporting countries. In fact, for some exporters, the grain stocks have become so burdensome that measures have been taken to remove land from production; yet many food importing countries, particularly the African nations, suffered crop failures for the second year in a row. I see a paradox in these events and it concerns me deeply. On the one hand, farmers in some countries are cutting production because of low returns from the market. On the other hand, millions of people elsewhere don't have enough to eat."

As a result of this situation, Minister Whalen said, "I am pleased to report that the Canadian government has clearly identified food and agriculture as the most important priority for Canada's official development assistance during the 1980s."

In a parallel address to the non-

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governmental organizations which conducted a forum during the period of the conference, Minister Whalen declared that "As a former Director of several farm co-operatives, I know that it is an approach that works. It is people helping each other to help themselves. That is essentially how Canada's prairie grainbelt was developed."

Further, in his address to the NGOs, the newly elected chairman said, "We have also worked with non-governmental organizations on many projects and we started using some NGOs as implementing agencies in bilateral projects because they can often work well at the grassroots level."

In its report and recommendations adopted at the conclusion of the conference, **the World Food Council called for "the elimination of hunger and malnutrition as soon as possible and certainly by the end of the century."**

"The Council reaffirmed that peace and disarmament are prerequisite to improved economic conditions and enhanced food security and that food is a universal human right which governments endeavour to guarantee their people, and in that context, the Council again stressed its belief in the general principle that food should not be used as an instrument of political pressure."

The Council placed much of the blame on "the worldwide economic recession and political environment." It further declared that "the developing countries are faced with depressed prices in commodity markets, sluggish demand, restricted access to markets and protectionist policies of many importing countries, coupled with the obligations of servicing a large international debt."

To remedy this situation, the Council declared "That these ample food supplies should be better distributed in order to help meet the food deficits of the developing countries with appropriate consideration both through increases in food commodity assistance and through improved export earning capacities of food-deficient, low income countries for importing food they need and cannot grow."

## First steps for implementation:

"The Council reaffirmed that the United Nations International Development Strategy, as adopted, with its emphasis on policy and institutional reforms, provided support for the priority emerging from the regional reviews for increasing the productivity of the smallholder, traditional farm sector. Further promotion of farm co-operative systems should be encouraged. Systems of technological support, infrastructure development, credit and marketing should be geared even more to the needs of the traditional farm sector and increasing the benefits available to low income groups in rural areas. Institutional and agrarian reforms will have to be renewed as an element of government action in many countries. In this regard, the recommendations of the World Conference on Agrarian Reform and Rural Development should be pursued."

The 36 nations which make up the World Food Council were joined by 38 additional national observers, plus representatives of the major specialized agencies of the United Nations and the non-governmental organizations particularly interested in food

relief, food distribution and food production.

## Observations from around the World

A great deal of the time of the conference was devoted to comments by ministers of agriculture from various countries on national food strategies. The national organizations attempted, through their planning, programming and action programs, to provide a self-sufficient source of agriculture and to use effectively the commodities provided through international relief organizations, and particularly through a growing international trade in the agricultural and food sectors.

A startlingly strong statement was made to the Council by the Minister of Agriculture of **Bangladesh.** He declared that "unbelievable misery and unnecessary hunger face the majority of the people of the world. They also face insupportable debts, a treadmill syndrome, crisis management and industrial economic stagnation." He concluded that there are actual food surpluses in the world but that one fourth of the world is still hungry.

The Minister of Agriculture of **Haiti** pointed out that his nation of six million people is faced with the geopolitics of hunger.

The minister declared that although his country is one of the poorest in the world, they are now working on integrated rural development; they are developing internal circuits of agricultural marketing; they have resolved to attain a measure of self-determination but realize this will be a continued program of inter-dependence. He made a final appeal that the resources of the world be used for self-help and assistance rather than self-destruction in a misnamed approach to security.

The delegate from **Ethiopia** quoted to the Council the objectives set by the World Food Conference in 1974 which declared, "No child shall go to bed hungry."

Ethiopia, he said, must receive massive international assistance in its current food crisis. Ethiopia, he pledged, would provide the maximum resources available for agricultural development, but they are faced with primitive agricultural methods; the need to improve yield; to open new lands; and to build a system of state farms.

He declared that food security reserve stocks could be built up in the next two years and he expressed his thanks to the U.N. Development Programme, the World Food Programme, and the World Food Council for its direction and support. He wound up his presentation by inviting the World Food Council to have its Tenth Annual Meeting in Addis Ababa, Ethiopia in 1984.

A sharply different approach was presented to the World Food Council by John R. Block, Secretary of Agriculture for the **United States.** He declared that "No nation can isolate itself from the economic forces that shape an interdependent world". He said that farm policy in one country could affect what happens in many other countries and those who ignored comparative advantage or used their resources inefficiently distort the world markets.

In the course of his address, Secretary Block said that "No single nation should be expected to serve as a food reserve for the rest of the

world. No country should be saddled with the burden of unilaterally adjusting supply to demand."

The Secretary of Agriculture went on to say that "World conditions today pose a definite threat to the type of market stability that would benefit all of the people in the world". In the United States, he said, market-oriented agricultural policy should continue to ensure a very efficient agriculture.

Looking to the future, Secretary Block noted that areas like biogenetics, aquaculture and hydroponics are technologies which could stimulate an evolution in the production of food on a level proportionate to what mechanization had done to hand labour.

The United States Department of Agriculture (USDA), he said, has technical assistance projects in 76 countries as well as 240 co-operative research projects abroad aimed at curbing diseases and increasing food production. USDA has trained over 70,000 agriculturalists from the developing world. He pointed out that the bilateral food aid program PL 480, called "food-for-peace," has distributed more than $40 billion in commodities and services since it was enacted in 1954.

Secretary Block pointed out that he has asked his staff at USDA to develop a multi-year planning program for PL 480 instead of the present yearly allocation system. This would help recipient countries to use the food more effectively both in development and for food reserve systems of their own.

A second step, he said, was to encourage the use of local currencies generated by the sales of PL 480 commodities to build storage and handling facilities for grain in the less developed countries. He also said that the US government has made stocks of butter, cheese and non-fat dry milk available for donations both to governments and private organizations that work to assist the needy in other nations.

In a hard-hitting address to the conference, the Minister of Agriculture from **Australia** said that "World recession did not create these problems. They just accentuated them."

He said that disposal of food stocks on the world market is not desirable; that the problem is distribution. He said his country is fully committed to putting its agricultural supplies at the disposal of the World Food Programme, and the International Fund for Agricultural Development in action programs. He said, "We help ourselves by helping food deficit countries. Export quotas do not fill the bellies of the poor".

He predicted that the agricultural revolution of the 1990s will be based on biological changes; that a key to solving world food problems is in market price and positive adjustment policies, and he declared that "A world with adequate food and millions of people hungry is shocking and unacceptable."

The Deputy Director General of the UN **Food and Agriculture Organization** told the assembled delegates to the World Food Council that "The world now has a surplus in grains of 330 million tons, most of it stored in North America." He said that 23 out of the 42 countries in Africa have a deficit in food production; that "rinderpest" is rampant and is destroying hundreds of thousands of cattle in Africa; that the wider effect of the world economic recession has not yet known visible recovery, and that agricultural reform and rural

development must be reviewed and reinvigorated.

A program of action outlined by the Director of the **World Food Council,** Mr Maurice Williams, said that distribution is the key to bringing food within reach of the hungry. We must not only produce food but also make it available. Unemployment, the lack of purchasing power and the reduced purchasing capacity of a country have brought us to a very low level of available food for the poor and hungry.

Action at the national level is essential to increase food production. This involved moving into improved technology, expanded irrigation, improved seeds and fertilizers, adequate tools for farmers.

New technology is essential to achieve self-sufficiency and great efforts must be made to improve storage capacity within countries.

To prevent future famine, there must be an early warning system and adequate food reserves.

He said that there has been a fall in international aid in real terms and that there must be improved incentives to increase food production, food storage capacity; and that food aid must increase to 10 million tons, with food going to the most vulnerable groups. Nation-held reserves are essential and strengthening research and development is vital for adequate food production.

**Non-governmental Forum**

The non-governmental organizations represented at the United Nations in New York and many coming from Canada and other countries, participated in a forum on world food strategy paralleling the official meeting of the World Food Council. These involved early morning sessions, luncheon meetings with featured ministers' speeches, evening consultations and working parties and a closing session presenting the newly elected president of the World Food Council and its Executive Director, Maurice Williams.

During the course of the forum, an outstanding event was a presentation by Dr Verghese Kurien, Chairman of the National Development Board of India who is an outstanding co-operative leader in his country. His dairy co-operatives have provided an increasing flood of milk supplies to the major cities of India, having a substantial impact on the nutrition and welfare of the children and families in India.

The co-operatives under the leadership of Dr Kurien have recently launched a program to multiply substantially the vegetable oil available for the Indian diet. More than $100 million of American PL 480 commodities have been made available through US/AID for resale in India with the proceeds being used to organize a thousand small processing and marketing co-operatives for the farmers of India.

These two new developments follow the dramatic construction of a complex of agricultural fertilizer production plants at a cost of $112 million. These fertilizer plants provided increased food production in India and have repaid the cost of investment and saved the government of India hundreds of millions of dollars in hard currency by producing fertilizer within the country for the vast agricultural production which has brought India almost to the point of self-sufficiency in cereals.

Also speaking to the NGO forum were the Honorable John R. Block,

Secretary of Agriculture for the USA; the Honorable Arthuro Tanco, Minister of Agriculture of the Philippines; the Honorable Eugene F. Whalen, Minister of Agriculture of Canada; His Excellency, Dr Roberto Junquito Bonet, Minister of Agriculture in Colombia; also Charles Sykes, Assistant Executive Director of CARE; Martin McLaughlin, Vice President, Overseas Development Council; and, at the final session, Dr Maurice Williams, Executive Director, World Food Council.

The World Food Council invited a few representatives of non-governmental organizations to address the Council. Speaking for the US NGOs was Fred Devine, Deputy Director of CARE, who presented a statement on behalf of all the NGOs to the World Food Council. His address was very well received. A feature of the address was a call for the development of a micro-global food reserve which contrasted with the macro-proposals for a world food reserve stored in the developed countries. The CARE proposal calls for storing food reserves in the expected recipient countries in small warehouses, "godowns", and other storage facilities near the point of distribution where the local people would take good care of the food reserves and have them available when emergency strikes.

In his address to the NGO forum, the Canadian Minister of Agriculture pointed out that there are 220 Canadian development NGOs; some 90 of these are under the umbrella of the Canadian Council for International Co-operation which was represented at the World Food Council.

Two thirds of Canada's NGO funds last year, about $220 million, came directly from Canadian citizens who increased their contribution despite the recession.

In relative terms, Canada gives more support in the form of grants to non-governmental organizations than does any other government. "Even in dollar terms, we are the third largest supporter of NGOs," the Canadian Minister said. In 1981 and 1982, the government of Canada contributed $108 million to Canadian NGOs, and $12 million to international NGOs.

The Canadian Minister concluded by saying that as a former Director of several farmers' co-operatives, he knows their approach and how they work. He encouraged the co-operatives and non-governmental organizations to play a major role in solving the current world food crisis.

# CARE Expands Efforts in Natural Resource Conservation

**from CARE World Headquarters, New York**

CARE, the international aid and development organization, has announced a major expansion of its worldwide natural resource conservation efforts under the sponsorship of the new CARE for the Earth campaign. CARE has intensified and expanded its conservation programs to 12 countries working on a grassroots level with hundreds of thousands of subsistence farmers – individually and through co-operatives. This effort is part of CARE's overall development plan because protection of the environment is crucial to improving conditions for the world's poor.

In a recently published *CARE Brief On Development Issues*, noted environmentalist, Erik Eckholm, points out why natural resource conservation is so essential:

> Hundreds of millions of the world's poorest people are locked into a tragic relationship with their surroundings. In their struggle to meet current survival needs, they are forced to damage the very resources on which the future improvement of their lives depends. Because of the combined effects of economic inequality, rapid population growth, and lack of technological advancement, people are today depleting the earth's biological "capital." They are clearing forests that are essential for both ecological and economic purposes, plowing soils that should be left idle, and generally subjecting the land to destructive overuse. If present trends are allowed to continue, the rural poor will over time need to toil even more to meet their essential needs – and their societies will have to invest more to gain less from the land. Thus the next generation's chances for a better life erode away.

## Deforestation

Deep scars run along the sides of hills stripped of trees, bushes and grasses. The landscape is stark and barren. This scene unfortunately, is all too common in many of the poorest countries throughout the world. The damage is caused by lashing rains that wash away thousands of tons of the earth's topsoil – soil once held in place by forests.

The *Global 2000* report recently issued by the U.S. Council on Environmental Quality and the State Department states that deforestation is taking place at a rate of 20 to 50 million acres a year, consuming an area one and a half times the size of Maine. In other words, the vast rain forests of Africa, Latin America and Asia are disappearing at a rate of 35 acres per minute. The primary cause of this is the expansion of farmlands by land-hungry settlers and large cattle ranching firms. Ironically, the untested soils too often prove unsuitable for their purposes.

When rains wash fertile topsoil off slopes, the land is no longer able to support life. Crops cannot grow, animals cannot graze and people suffer. For the rural poor in the developing world environmental deterioration means that they must constantly search for land that can sustain them

*In Guatemala, slopes stripped of vegetative cover rapidly erode away.*

and their families. But fertile land is becoming increasingly difficult to find. When they move, people leave more than their barren fields. They are forced to leave the communities and the life they have come to know. Perhaps most important, they lose part of their heritage. Throughout Asia, for instance, temples and places of worship have been abandoned because the land around them cannot sustain life.

CARE's concern for the environment is not new. More than 20 years ago CARE began a fruit tree program in Guatemala that has evolved into one of the country's largest reforestation efforts. In Guatemala, a country where more than 50 per cent of the forests have been indiscriminately cut in the past 25 years, CARE has helped plant over 10 million trees. An additional four million trees are planned to be planted each year for the next three years.

In 1961, as part of the fruit tree program, CARE supplied 1,400 trees to rural people who had been resettled on Guatemala's Pacific coast. They were living in crude shacks and had nothing but the land they had been given. The fruit trees were to provide food and a source of income to help them get started. By 1965, the program had expanded and the number of trees increased to 134,000. Two years later, there were 255,000 trees, in over 400 orchards, and the number of fruit farmers had almost quadrupled.

Although these numbers are

*Each year women and children, the traditional gatherers of firewood, must walk farther and farther from their villages to meet their needs.*

impressive, the real success story belongs to the people involved. Using grafting skills learned at his 4-H Club, Roberto Lopez eventually produced 1,200 trees from the 35 he had received in 1961. He and his family were able to move from a thatched hut to a sturdy home. With the profits from fruit sales, he bought 70 head of cattle and was able to employ three helpers. Another farmer, Ximel Perez, was able to buy a tractor and farm tools, build an irrigation system, begin a small honey production enterprise and put his children through school. Now one daughter is principal of the local school, a son has earned a degree in agriculture, and two other children are teachers. Mr Perez asked the CARE staff to "Please tell these dear friends how grateful I am for their gift. I owe them everything, and I'll never forget it."

## The Fuelwood Crisis

One of CARE's most pressing concerns is the fuelwood crisis, a problem which poses a real threat to ecological systems throughout the developing world. For the rural poor in developing countries, fuelwood for cooking and heating is as basic as life itself. In 1970, it was estimated that wood and wood products supplied more than three times the energy generated by hydroelectric power. In the tropics, which includes most of the developing world, 90 percent of the population rely on firewood for their domestic needs. Thus hundreds

of millions of the world's poor already face a severe energy crisis. As the population grows, so does the demand for fuelwood with the result that more and more areas are deforested, soil erosion increases, and production drops.

What this means to daily life is that villagers – mostly women and children – are forced to walk miles each day to gather and carry back bundles of firewood for their homes. This is all too true in Haiti for little Marie Dimanche Jean-Baptiste of Baie de Henne. Marie is 9 years old and has never attended school. She knows little of the outside world – her world extends barely beyond the small plot of land where she, her parents and five sisters live. Even if her father could afford to buy her a uniform, he still could not send her to school. Instead, each day Marie must spend several hours collecting the wood that cooks the corn and sorghum of her family's daily meals. The sad truth of this story is that Marie is not unlike most children in Asia, Africa and Latin America.

To help combat the rural energy crisis, CARE programs emphasize several ways to increase fuelwood supplies: planting village and private woodlots, introducing fast-growing tree species, and more fuel-efficient wood-burning stoves. These methods are being employed now in 12 countries throughout the world. In Haiti some projects are already well under way; in fact, trees will be ready for harvest within three years.

## The Spread of Deserts

In arid and semi-arid areas, fertile land becomes desert as a result of the elimination of trees and other vegetation cover – a process known as desertification. This process leaves the land parched and barren, unable to support life. The West African countries known as the Sahel are particularly vulnerable to desertification, as the Sahara already occupies much of their total land mass. The continuing droughts and famine in West Africa can be directly linked to the mismanagement of the environment.

The Sahel, meaning "coast" or "border" in Arabic, constitutes the southern rim of the Sahara. This is not to say that the Sahel is a wasteland; on the contrary the Sahel's 28 million inhabitants prove that the region is habitable. In the early 1970's the Sahel survived its worst drought in recorded history. In an interview with *Le Monde* in 1973, Hamami Diori, then president of Niger, stated that the cost of transporting 20,000 tons of cereals to relief areas came to three to four times the cost of the grain. It is estimated that international agencies spent over $40 million transporting food to Niger alone during that drought. For the same amount of money, over 27,000 acres near the Niger river could have been irrigated to produce 110,000 tons of food.

CARE's conservation programs in the Sahel have achieved considerable success in countering environmental problems. One of CARE's approaches has been to create "windbreaks" that stop the spread of the desert sand. A simple and low-cost method was chosen: implanting rows of millet stalks and then planting trees behind the stalks. Once the stalks have been implanted, the wind cannot carry away the sand. At the same time, seeds and pollen carried by wind are trapped in the enclosed area. These seeds and pollen will sprout on their own when the annual rains arrive.

Windbreaks are only part of the CARE plan to bring more land into

production. CARE nurseries, established on three continents, are staffed by national personnel. The seedlings grown in the CARE nurseries will be used for community projects as well as for individual farmers.

Although there are some immediate benefits, the full effect of these efforts will not be evident for several years. Reforestation is a slow process. An important aspect of CARE's work is encouraging local people to participate in all aspects of the program and helping them understand how their actions today will affect their lives in years to come. Enthusiasm has been high and continues to grow as the impact of earlier activities becomes more obvious. In fact, the village chief of Mai Kori, Niger, traveled 10 miles to buy trees when CARE made them available in Ourafane. He was delighted to learn that CARE is considering establishing a tree nursery in his village because he knows what this will mean to his people.

Reclamation and preservation of the natural resources in the developing countries is not an easy undertaking – but with education and international assistance these goals can be achieved. CARE recognizes that the preservation of natural resources is at the core of improving conditions for the rural poor. The CARE for the Earth program enables CARE to assist the poor of the developing world to help themselves improve the quality of their lives, their environment and our planet.

In the words of author Erik Eckholm, "Rapid population growth, miserable social conditions, and environmental deterioration form the ultimate vicious circle . . . Reform and development efforts will not achieve their aims if they are not suffused with an ecological ethic that recognizes the bond between humankind and the natural world from which there can be no divorce. Environmental deterioration requires direct attention in its own right; at the same time, the balance of nature will not be preserved if the roots of poverty, whatever they may be, are not eradicated."

* * *

For information about CARE's programs in community forestry and other environmental protection efforts or a copy of the CARE Brief, *Natural Resources for Human Needs* please contact:
CARE
World Headquarters,
660 First Avenue,
New York, NY 10016

# ICA Survey on Youth Participation in Co-operatives

by Vivianne Iacazzi*

THE Central Committee, at its recent Meeting in Prague, received the Preliminary Report of the ICA's Survey on Youth Participation in Co-operatives.

A year earlier Mr Sobieszczanski of the Polish Central Agricultural Union of "Peasant Self-Aid" Co-operatives had proposed to the Central Committee's Meeting in Rome that the ICA should conduct a Survey into Member Movements' youth activities. This was timely because the Central Committee had not discussed youth since meeting in Stockholm in 1975. Moreover, the United Nations had designated 1985 as International Youth Year.

In devising the Survey Questionnaire, the ICA Secretariat tried to establish a picture of the position of youth in the world-wide Co-operative Movement. It also hoped to provide a base on which future developments could be measured and also to identify good ideas which could be transferred from one Movement to another.

Unfortunately, the response rate to the Survey Questionnaire was low, only 20%. But, some interesting aspects on youth activities in a wide variety of Co-operative Movements were nonetheless revealed.

These related to questions such as the proportion of young people in membership of Co-operative Societies and their representation on Co-operative Committees and Boards. It also gave some indication of the number of young people in Co-operative employment. From the Survey Report it was seen that many Consumer Movements provide commercial services designed to attract young people into membership. Moreover, such societies also provide special activities, including sports and cultural provisions, for their young members. Of particular interest were answers to questions about social and economic problems affecting young people to which co-operative solutions are being found. Examples included the creation of jobs and the provision of housing. The Survey also revealed interesting facts about School Co-operatives.

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Members wishing further information about the Survey should contact the ICA Head Office in Geneva.

* Vivianne Iacazzi is a member of the Youth Committee of the ICA Secretariat

# UNIVERSITY STUDENTS' CO-OPERATIVE ASSOCIATION – America's Largest Students' Housing Co-op

by David Klugman*

**Question:** "How can 31,000 students compete for lodgings in a city of 114,000?"

**Answer:** "They can try the students' housing co-op."

## Berkeley, The Conscience of America

Berkeley, California, called the conscience of America or the Athens of the West by some, the last refuge of misfits by others, is a city of 114,000 on the shores of San Francisco Bay. Named after George Berkeley (1685-1753), Bishop of Cloyne, Ireland, its population includes scholars, radicals, Nobel laureates, eccentrics, activists and loafers, but principally 31,000 students frantically seeking accommodation.

## The Way It Was

No one is born a co-operator, quite the opposite. Co-operation must be learned and a good time to do so is during the student years. That may explain the success of the University Students' Co-operative Association (USCA), which grew from 14 members in 1933† to 1,500 in 1982, the largest co-op of its kind in the USA. It is a practical, flexible and democratic co-op geared to students' needs.

According to General Manager George Proper, the co-op grew out of the Depression when fourteen students borrowed $500 from the YMCA in 1933 to cover the down-payment on a building, the owner of which stayed on as the cook. Sleeping on army cots that had to be degreased, the students worked as field hands to earn the money with which to repay the loan. Once the first loan had been repaid, successive loans were secured to purchase additional buildings until the current total of eighteen separate group-living facilities had been reached. All buildings are owned, except one which is leased. The major growth years were 1967 – 1973.

* Mr Klugman has been writing about co-operative subjects for the past twenty years. He has been a contributor to the Review of International Co-operation since 1978.

† The year I joined a student's restaurant co-op in Grenoble, France. The same needs called for the same solution. Some members of that co-op rose to leadership in Albania, Cuba, Vietnam.

In 1967 USCA introduced the successful idea of co-educational housing in California.

The capacity of individual houses ranges from 18 to 190. All houses but one were originally built for different purposes, including three apartment buildings, two boarding houses, one hotel, three sororities and three private homes. The apartment houses contain 150 apartments. The total membership of 1,500 represents about 5% of the total University student body.

## The Way It Is

The USCA is a non-profit corporation. Control of the organization is vested in the Board of Directors, composed of twenty-eight students and five non-students. Student Directors are elected proportionally by the member houses (with a ratio of 1 director to 75 members). Non-student Directors include one faculty member, three alumni and one YMCA staff member. No Director has any veto power. Student Directors serve one-year terms, while non-student Directors serve indefinite terms. In that way experience is gained while continuity is preserved and student control assured. The University exerts no control whatsoever.

The governing structure is based on participatory co-op principles. Some members, of course, are more involved than others, to the point where the non-involved ones call them "co-op junkies" and elitists. There are sour grapes in every organization.

The demand for housing is incredible. Waiting lists stretch to up to one year, especially for men. Vacancy rates are 1% in the fall, 2% in winter, 3% in summer. Members sign contracts for the school year, which they can cancel or transfer each quarter, a unique feature in Berkeley where the practice is to sign up for the full school year.

The Rochdale 1 & 2 complexes are recent additions. The difference in their operating cost amounts to $75 per month per student. The students in the older unit, Rochdale 1, accepted a $25 surcharge per month to reduce operating costs of the new unit, Rochdale 2.

A recently instituted energy-savings program will reduce energy use by 24%, saving the co-op $38,000 per year.

## Co-operation in Practice

The Board of Directors has the following sub-committees: Operations – Administration & Judicial – Planning – Food – Education – Maintenance – Finance – Personnel.

As an incentive to participation, service on a sub-committee entitles a student to corresponding hours of workshift credit. The President and Vice-President of the Board, who serve for six months, are entitled to room and board.

The operating budget amounts to $3 million per year. Assets amount to $15 million, of which $8.5 million constitute member equity (land, buildings, equipment).

A student joins the USCA by paying a $60 deposit, of which $50 represents security and $10 a non-refundable fee.

New members are assigned to large houses where they share double bedrooms. As they gain seniority, they may request a transfer to smaller houses and individual bedrooms, at the same price, and eventually, usu-

ally after two years, to an apartment.

Admission is on a "first come, first served" basis, except for the physically or economically handicapped (about 9% are in the latter category and pay a reduced fee of $35). USCA members include 189 Asians, 31 Blacks, 71 Hispanics and 32 non-Americans totalling 323 or close to 25% of the total membership.

Members must work five hours per week (five hours per quarter in apartments) in fields such as cooking, dishwashing, serving, operating telephone switchboards, maintenance or cleaning. Assignments are made for the quarter, in conjunction with class loads.

Such member involvement cuts labour cost by 30%, keeping rates at 50% under market rates. This may explain the resistance to student housing co-ops in the early years.

By living in a housing co-op, youngsters must, for the first time, do what Mama used to do for them at home. That is a load, made a bit easier through peer pressure and camaraderie. Students are encouraged to paint and decorate their rooms to taste and provided with paint and tools at no charge.

Prices for room and board range from $550 to $612 per quarter*.

Each house has four managers, to supervise the house, the kitchen, the maintenance and the workshift schedule respectively. In exchange, managers receive room and board.

A professional staff deals with the centralized operations of overall management, food distribution and capital maintenance (except roofing). Five men are on the maintenance crew. Most of the office work is performed by members on workshifts.

Each house has a Co-ordinator for home cooking to plan and supervise menus. Last year $100,000 worth of food was purchased from the Consumers Co-operative of Berkeley, as well as $100,000 worth from Associated Co-operatives, the regional distribution center.

Each building has a different character and enjoys autonomy in local affairs through its House Council. Rules are kept at a minimum, dealing with parking, quiet hours and door locking. Pets are forbidden.

## Cheap Housing or a Co-op?

The USCA means cheap housing to some, an alternative co-operative lifestyle to others. That is where Education steps in. A Member Education Co-ordinator, with a $30,000 budget, is responsible for: (1) a Newsletter (The Toad Lane Review); (2) A Retreat, once or twice a year, through which 100 members attended co-op education workshops; (3) A Co-op Institute, which provides quarterly training for managers and directors. Weekend meetings and workshops attract speakers who explain co-ops as a method by which a group, acting in unison, can attain a goal which is out of reach to individuals acting alone.

New members receive a handbook and attend orientation dinners with slide shows. The idea is to convince them that they have joined a movement, and not simply found a cheap place to stay. The Education budget additionally covers a program of minority affairs. With a membership in constant flux, education is a continuous process.

The USCA is not problem-free, not

* Apartments rent for $452 – $728 per quarter.

surprising when viewed in relation to 1,500 students mostly transplanted from home to campus and inclined to alienation. The USCA has to balance the right of students to run their own lives against the rights of others.

Among the problems is that caused by de-centralization, since 50% of the fee goes back to the individual houses. Most of the practical problems are caused by: (a) deferred maintenance, to save money; (b) lack of attention to habitability; (c) lack of cleanliness. Some members move every three months and, having cleaned their room, tend to leave their litter without properly disposing of it.

Just the same, former members have made their mark in private or public life and many have reached responsible positions in co-ops.

The USCA is a member of the North American Students of Co-operation (NASCO) which is affiliated with the Co-operative League of the USA (CLUSA), a member of the International Co-operative Alliance.

USCA members have served as interns in Washington DC, on the Task Force which helped establish the Co-operative Bank. USCA provides technical assistance to the Bank and, in return, receives loans from the Bank.

Loans, as well as contributions from students, faculty, alumni, the community and foundations, helped build USCA's main building in 1967.

## The Meaning Of It All

The French philosopher and writer Paul Claudel defined co-operation as "Brotherhood in action, learned and taught by practising it".

That definition fits the USCA to perfection. By living in a co-op environment the student-member receives a well-rounded education as he, or she, affronts life.

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*The author thanks George Proper, General Manager of the USCA for his assistance in the preparation of this article.*

# The Contribution of Co-operatives to the Interests of the Young in Developing Countries

by Dante Cracogna*

## I. Situation of the young in developing countries

The indicators most frequently used to depict the situation of the so-called Third World are becoming increasingly alarming. There would even seem to be a kind of competition at portraying the distressing reality in those countries. International organizations have applied themselves with greater efficiency to this task than to the task of reversing or at least alleviating such a grievous situation.

Nevertheless, any discussion of subjects relating to developing countries must necessarily be introduced by an outline of the distinctive features of their current situation. Such an introduction is necessary in order to understand particular issues and their consequences within the global perspective of a situation that will condition all attempted studies and solutions.

According to FAO statistics, hunger afflicts a large section of the developing world, where nearly 500 million people consume less than 2,000 calories a day. Nearly 50 millions are affected by critical poverty – that is, they are at the critical subsistence level – and what can be called poverty, or more properly perhaps pauperism with an annual income of less than 50 dollars, affects almost 600 million souls according to the World Bank's estimates.

The rate of infant mortality soars to 25% in some areas. Poor sanitary conditions impair the physical and mental capacities of the surviving children and, according to the WHO, reduce life expectancy to barely over 40 years in many cases.

There are over 800 million illiterate people in the world, according to UNESCO. In some countries they constitute 80% of the total population and there is an upward global tendency. The figures for housing and other basic needs are no less alarming and add to the grim picture.

There is, however, a fundamental problem which is at the root of many of the ones mentioned above: unemployment – which, according to the ILO, has reached figures of over 40% in the developing world[1]. Indeed, unemployment breeds many evils: poverty, malnutrition, lack of access to medical care and adequate housing, etc., with all the social problems that they entail.

The problem of unemployment in developing countries cannot, unfortunately, be ascribed to an unfavour-

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able juncture in their own or in the international economy[2]. Unlike industrialized countries, where high unemployment rates could perhaps be overcome in the medium term by an adjustment of the economy, developing countries suffer from structural deficiencies in their economies which make unemployment an ever-present variable with a tendency upwards which is made more and more serious by the so-called population explosion.

The population of the Third World is made up of a large majority of young people, a fact which can be accounted for not only by the high birth rate but also by the factors mentioned above: malnutrition, low sanitary standards, and reduced life expectancy. All this together with the almost geometric increase of population results in a markedly squat population pyramid. The 15-25 age range makes up no less than one fifth of the world population[3]. According to FAO statistics, 65% of the population in Latin America is under 25 years of age[4].

Therefore, with employment being scarce and adults taking up what few jobs there may be, unemployment largely affects the young. The school, as a general rule does not contribute any solutions to the problem; on the contrary, it provides a purely intellectual and elitist kind of education, alien to the real requirements of the community and the world of work. When it does provide access to employment, it does so only after a long period of training which only those with a certain economic status can afford. It is only natural, then, that the out-of-work young should feel more frustrated and cut-off than the other unemployed[5].

Overt or covert unemployment in developing countries reaches soaring heights among the rural population, which constitutes the most numerous and most important section of the population (in Latin America, between 50% and 75%)[6]. And the rate of unemployment will continue to rise steadily even if there is some development of the regional economies. This is a further element of frustration for the young who want to start their working life, for women, and even for the highly trained, paradoxical as it may seem. They are all handicapped in some way: the young, because jobs usually go to older people with experience; women, because as a whole their training is inferior to that of men; and the highly trained, because of a lack of openings for professional or qualified people, which leaves them out of work or forces them to emigrate to industrialized countries.

To complete the overall picture of the situation in developing countries it is essential to describe their social, cultural and political make-up, in addition to the material needs referred to above. The problems of underdevelopment are not confined to poverty, malnutrition, poor health care, housing shortage, and the like. These problems are generally accompanied or preceded by a state of political, social and cultural underdevelopment. In spite of the fact that developing countries differ as regards their historical and cultural identity, and that they should not necessarily be judged according to the standards of Western liberal democracies, there is in most of them an evident exclusion of large sections of the population from political power[7]. Political institutions, when they do work, are often at the service of economically powerful minorities who use them to

ensure their own hegemony, often in collusion with foreign forces, especially the multinational enterprises and the centres of economic and political domination.

The lack of adequate channels for political activity affects the young most notably and is of serious consequence. Not able to participate within the appropriate community structures and to channel their transforming energies towards the common good, they are very often diverted towards sterile confrontation sometimes even to extreme action, or else they are relentlessly subdued by the dominating political forces[8]. The resulting frustration and resentment are of obvious gravity.

The regional meetings on the young organized by UNESCO, starting with the one held in Venice in 1977, have clearly shown that the problems which confront the young are basically the same the world over; particularly so in the Third World, despite individual differences as regards economic systems, cultural situation, and so on, which make for the different configuration of the problems in different countries. The widespread features of unemployment, social isolation, and lack of access to higher education are common characteristics, particularly serious in the case of the rural young, who are a majority in the developing countries.

The attempt to determine the role of the young in developing countries should begin with the acknowledgement of their almost complete lack of access to full participation in the economic, social, and political life of their countries, and the little influence they have on the decisions that concern them. In the case of rural areas, where nine- or ten-year-old children pass into adulthood because of the prevailing economic conditions and the need to help the family group, it would even seem to make no sense raising the subject of the young.

Young people are seriously worried about education because, apart from being restricted, it does not pave the way for their full access to the job market or to the political and social life of their country. Sometimes it even artificially delays access to employment for the sake of experience which borders on gerontocracy. Furthermore, education is assigned the fundamental objective of preserving the status quo rather than promoting the necessary changes in attitude to achieve a true transformation of society, with greater freedom and justice. It has been pointed out that foreign domination is one of the factors that contributes to sustaining the present situation in developing countries, making use, among other devices, of political regimes, propaganda, and even the educational systems themselves, in order to consolidate their dominant position.

The economic depression that affects the young, as well as the rest of the population, gave rise some time ago to the theory of the "basic needs" as a criterion for development[9]. Although UNESCO's 20th General Conference has not endorsed it, there still remains the serious and urgent problem of satisfying the basic requirements for subsistence of large masses of the population in the Third World.

Faced with this reality, the isolated and unemployed young aspire to achieve greater economic and social justice, peace, responsibility and personalization, participation in all levels of economic, social and cultural life, communication, creativity and sol-

idarity, both locally and internationally[10].

It is clear that the improvement of the situation of the young will need first their own effort, but it will subsequently need the action of governments and international organizations. That means that it is necessary to organize joint action so that, starting from the people, it embraces the whole world, lest the best intentions be frustrated.

Within this context we shall analyse the contributions of co-operatives to the good of the young.

## II. The role of the co-operative movement

It should be stated from the very beginning that the co-operative movement is by no means a universal panacea for the serious problems that affect developing countries and their young. This should be greatly emphasized so as to avoid any illusions which can lead to deep frustration, stifle future initiative, and sow resentment.

However, the importance of the role of co-operative action on behalf of the younger generations in developing countries should not be underestimated. We mean not only action *by* co-operatives but also co-operative action in a more general sense, that is to say all activities which, based upon solidarity, aim at the improvement of the community. Strict adherence to formality as regards the legal nature of co-operatives is a mistake which can, in fact, thwart other more spontaneous and loosely structured efforts tending to the same aims. This especially applies to rural communities, in which solidarity is a deeply rooted tradition.

Awakening awareness through informal education is a particularly important function that co-operative action can fulfil and that is often overlooked, especially by developed countries. In this connection it is worth remembering Dr Laidlaw's words: "In a country that exists under a harsh and repressive regime, a good educational programme must be, to some extent at least, subversive"[12]. The combined educational action carried out by co-operative practice itself and by the structured programmes offered by the movement could develop the critical awareness that is needed as a starting point in any project for real transformation. It would mean true "education as a practice of freedom"[13].

The literacy and training acquired through participation in the every day activities of co-operatives are further valuable elements in creating the necessary conditions for economic and social change and development. Indeed, in countries where access to formal education and schooling is limited, and where such education is usually a privilege reserved for certain social levels, the educational function that can be fulfilled by voluntary and open institutions such as co-operatives is of momentous significance since they constitute a kind of free and accessible school that can foster the development of the most neglected sections of the population.

Furthermore, taking part in co-operative activities helps the young to broaden their mental scope as they discover that their problems are shared by many other people in their own country, in the larger region to which it belongs and in the world at large, and this helps them to acquire a wider outlook on the world, while still aware of the local needs and problems.

Rural areas in developing countries are characterized by a lack of organizations to articulate the participation of the population in general and of young people in particular. The traditional isolation of rural areas cannot be overcome by means of connections with more or less distant urban centres; there should exist, right in those areas, organizations which could arouse and hold the interest of the community. Co-operatives or similar organizations provide a suitable means – sometimes the only one available – for young people to get together, thus fulfilling not only an economic function but a social and cultural one as well. Youth groups have been organized within co-operatives, especially within the agricultural societies, which have proved capable of arousing interest among the young by organizing social, educational, technical, and other kinds of activities[14]. Furthermore, the presence of co-operatives in rural communities can bring Schumacher's idea of "small" into existence[15].

Co-operative action in rural areas can help to improve the food situation by means of greater efficiency, a more rational use of resources, and the adoption of modern production techniques[16]. This may become a new and appealing horizon for young people, both because it implies personal improvement and because it is a way of serving the community. Being able to relieve hunger is a highly gratifying achievement for the young, even if the production levels reached cannot compete internationally.

As pointed out by Laidlaw, creating jobs will be one of the important tasks of the co-operative movement in the next few years. It should be added that in the Third World the creation of jobs is imperative, even at the expense of profitability. Labour co-operatives – in addition to agricultural co-operatives – can fulfil a doubly important function: to provide employment and to do so under more humane conditions[17].

Which are, then, the fields in which co-operative action can more significantly play a part for the benefit of the young in the developing world?

There are many ways in which co-operative action can be of benefit to the young in those countries. Two of them, however, should be brought to notice i.e. relieving unemployment and organizing participation in community life, for they contribute to solve the two problems that most seriously affect the young.

It should be borne in mind, however, that there are two ever-present dangers: that of exclusively seeking economic success, and that of relying solely on State support, thus overlooking the fundamental value of self-help. Pursuing economic success for its own sake alters the essential nature of co-operative action, and dependence on state support deprives mutual help of its profound meaning. Both these dangers are permanently present in developing countries, be it because of the inferiority of co-operatives beside their competitors, or because of a lack of full awareness as to their own nature[18].

Co-operatives have been accused of not promoting any really deep changes in the communities where they operate, and the transformation they bring about is said to be superficial. This criticism may be justified to the extent to which co-operatives are content with mere economic success, which is just one aspect of co-operative action, and not even the

most important one in many cases. Comprehending the true depth of co-operative objectives calls for an awareness fostered by education, and capable of interpreting the feelings of the young, who seek the realization of values higher than the merely material.

If co-operatives are able to put their true message across, they will naturally get a favourable response from the young. Their ensuing participation will provide a suitable means for capitalizing their desire for change to the benefit of the community, thus preventing it from becoming sterile or falling into dangerous extremes. Participation is an indispensable requisite for the growth of the community, since it directs individual energies towards a greater development of the communal whole.

Young people today are assailed by many problems – some urgent, others less pressing, though not less important – and co-operative action can offer them a suitable field in which to fulfil their aspirations and interests. But co-operatives should try to attract the young and not just wait for them to come on their own initiative; they should also communicate their message vigorously, otherwise the noise from other offers and calls will make it inaudible. The young should not be automatically rejected on account of their inexperience (we have all been inexperienced some time); likewise, the tendency towards reserving top management posts for older people should be avoided. Such mistaken practices drive young people away, and very often getting them to come back turns out to be very difficult.

Summing up, co-operatives have ample capacity to contribute to the good of the young in the third world. However, this capacity is largely a potentiality and it is imperative to develop it. This constitutes a great challenge for the future of the co-operative movement both in Third World countries and in the world as a whole.

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# Trends in Co-operative Administration: An Indian Perspective*

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IN modern times, all economic activities have a very strong undercurrent of exploitation. Call it a feudal legacy or a legacy of industrialisation, it is neither morally tenable nor psychologically sound. In order to usher in an era of peace, progress and prosperity, it has been recognised that co-operation is the only effective method of bringing about socio-economic transformation in the society. It is through co-operation that human beings are endowed with the qualities of honesty, loyalty, unity, equality and service. The famous English co-operator, George Jacob Holyoake applauding the role of co-operation says,

> "Co-operation leaves nobody out who works sincerely. It touches no man's fortune; causes no disturbance in society; needs no trade unions to protect its interests; accepts no gift nor asks for any favour; keeps no terms with the idle; breaks no faith with the industrious; subverts no orders; envies no dignity; and it means self-help, self-dependence, and such share of the common competence as labour shall earn".

M. L. Darling sums up the importance of co-operation as "something more than a system. It is a spirit which appeals to the heart and mind". Thus, co-operatives are the means for raising the level of productivity, extending improvements in technology and expanding employment so as to secure the barest necessities for every member of the community.

The Co-operative Movement is a world-wide universal movement. In India, the idea of co-operation or inter-dependence is not entirely a 'new device'.[1] The institution of the joint family served as an insurance against illness, incapacity and old age. The movement however, formally began with the passing of the 1904 Act and gained fresh impetus under the 1912 Act. Presently, there are hardly any aspects of economic and social development which are not within the co-operative fold.

Just as a balance-sheet is an indicator of the worth or standing of an organisation, let us also look at the co-operatives in terms of their assets and liabilities.

## Assets

### (i) Quantitative Expansion

Quantitatively, co-operatives have made new heights. There are 330,000 co-operatives having 100 million people within their fold. These have

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disbursed 22000 million rupees of agricultural credit during 1980-81 as compared to nearly 2140 million rupees in 1960-61 and account for 40% of the total credit requirements. During the corresponding period, the value of agricultural produce marketed has witnessed an increase from 1600 million to 19500 million rupees. Co-operatives have distributed consumer articles in rural areas worth 7110 million rupees in 1980-81. There are 2352 organised co-operative agricultural processing units out of which 1829 have since been installed. Co-operatives have handled 46% of the total fertilizer consumption; and account for 56% of the sugar-cane marketed/processed in the country. These have also marketed 25% of the cotton production, 28% of wheat procurement and 24% of the rice in the country. Structurally too, whereas there was only one national level co-operative federation before independence, there are 18 such apex bodies in the sectoral fields.[2] These statistical figures reveal quite a rosy picture of co-operatives in expanding their activities for the ultimate promotion of socio-economic development.

### (ii) Diversification

Diversification is the unique feature of the co-operative movement in India which is rarely found in other parts of the world. It is a mistake to look for the study of co-operative credit in England or that of consumer co-operatives in Germany. The United Kingdom and Soviet Union are the home of consumers; France and Germany of credit; Poland and Czechoslovakia of industrial co-operatives and the African countries of the marketing co-operatives. As regards India, the sugarcane and marketing are to be found in Maharashtra, dairy and cotton in Gujarat, wheat in Punjab, consumers' in Tamil Nadu, and handlooms in Andhra. The fertilizer complexes, spinning mills, etc., are some of the landmarks – more specifically, Kaira Milk Producers' Society (AMUL), IFFCO fertilizer units at Kandla and Kalol, Warna Sugar Complex and Sehtakari Sahakari Sangh (Kolhapur) in Maharashtra, the Punjab Markfed (Asia's biggest co-operative venture), National Institute of Co-op Management, Pune, and more recently the National Bank for Agriculture and Rural Development.

## Liabilities

The fundamental issues with which the co-operative movement began, remain unchanged today. Several Committees, Commissions, and Conferences of Ministers/Administrators/Academicians, have debated and discussed the trends threadbare, but, the deliberations have more or less been 'old wine in a new bottle'. For the sake of convenience, the trends have been divided into four areas structural, functional, administrative and developmental.

### (1) Structural deficiencies

**(a) Lack of collaboration amongst co-operatives:** Like the other administrative systems, apex federations in the co-operative sector were set up on the principle of 'federalism'. These aimed at facilitating the growth of their constituents, improving their performance and increasing their optimum efficiency. In practice, the federations are becoming empires within themselves at the cost of their primaries and instead of facilitating the working of their constituents, as

S. S. Puri observed, "threaten to become a drag on them".[3]

As regards the principle of collaboration along horizontal lines, the position is even more alarming. The linkages between the credit, marketing, processing and consumer co-operatives have not been made in spite of repeated recommendations. The outgoing Director of the ICA, Dr S. K. Saxena, also felt concern at the lack of collaboration among co-operatives at the various levels.[4] In fact, such collaboration helps in the exchange of experiences and information for the development of a new economic order where there is no place for greed, waste or misapplication of scarce resources. The gravity of the situation demands a changing role of apex federations to act as 'catalysts' and to maintain interaction at various levels. To quote the Plan document, the federations should "provide leadership to their affiliated organisations and lend full support to them in their business operations.[5]

**(b) The Absence of an independent Ministry for 'Co-operation':** Just as the Central Government co-ordinates the activities for the subjects given in the 'state list' a "Co-operation Division" was set up in the Ministry of Food and Agriculture in 1955. Its status was upgraded to the level of a Department in 1958. In the subsequent years, it has been bunched with different ministries and has been pushed to one side. At present, it merely forms one of the 26 Divisions of the Department of Agriculture, even though co-operatives have been regarded as an indispensable instrument of planned economic action[6] and the third emerging sector of mixed economy.

The Co-operation Division thus, cannot deal efficiently with all the intricacies, contingencies and exigencies affecting them. If we really want to bring about modernisation and social change, there is a dire need to set up a fully fledged Ministry of Co-operation.

As regards the States, there is no unified set-up for co-operatives as some of the areas are administered by the Departments of Industries, Animal Husbandry, Agriculture etc. Wherever such splintering of functions and powers has taken place, a problem has arisen to evolve and implement a unified and constant policy of co-operative development.[7] The reason is that in the absence of the dispersal of responsibility, the true character of co-operatives cannot be preserved.[8] Hence, all co-operative activities must be manned by one head of department, i.e. the Registrar on the plea that just as each department claims expertise with regard to its business, co-operative business is also an integrated discipline by itself and requires specialised knowledge and experience.[9]

## (2) Functional Inadequacies

**(a) Lukewarm attitude towards the success of co-operatives:** Influenced by the impact of westernisation, we have generally been side-tracking the contributions made by our co-operatives. Our planners often talk of the success stories and experiences of the world co-operatives without mentioning much as to what is happening in their home itself. For instance, Mahila Gaila Co-op Agricultural Service Society in Jullundur district (Punjab) is doing a pioneer service in the rural distribution system. However, it is questionable how

many people in the neighbouring States or within the State itself, know of this organisation.

It is suggested that we must exploit our own resources, initially evaluate the gains and pitfalls and not be in a hurry to adopt foreign experiences. We must wait, see and adapt good points only if the situation so warrants, in order that scarce natural resources can be advantageously exploited. The United Nations Development Project (UNDP) study has confirmed that developing countries are not utilising more than 15% of the potential capacity of human beings owing to the inadequate expertise and resources at their disposal.[10]

**(b) Quantity at the cost of Quality:** Despite the process of development in numbers, co-operatives face a qualitative challenge from all quarters. It is no secret that in the credit sector, co-operative loans are granted to the upper crust elite under fictitious names.[11] The First Congress of Marketing Co-operatives plainly admitted that the share of co-operatives (except wheat and rice) in marketing of agricultural produce has been too small to make any impact.[12] Similarly, consumer co-operatives have not made any significant impact so far.[13] Moreover in spite of vigorous efforts of the Government, the primary societies on which the co-operative edifice stands, are still weak, dormant, and non-viable. Nearly 37% of societies are not doing any business and are virtually defunct.[14]

The micro-study on the functioning of apex federations in Haryana supplemented by an in-depth examination of the debates of State Legislature and the reports of various Committees, support the view that their optimum efficiency has been in the doldrums. While credit co-operatives suffer from mounting overdues, embezzlements and misappropriations, other co-operative organisations present a dismal picture due to recurring losses, lack of optimum utilisation of capacity, stiff competition, poor inventory management, and lack of leadership and professionalised management.[15]

**(c) Uneven growth:** Co-operatives have developed in an uneven fashion leading to regional imbalances and friction among the member-states. Though 45% of rural families are within the co-operative fold, the weakest sections of society are still not adequately represented in the membership roll.[16] The Eastern states of Assam, Bengal, Bihar & Orissa are behind other states not only in co-operatives, but in other spheres as well.[17] Similarly, five states i.e. Punjab, Haryana, Madhyar Pradesh, Uttar Pradesh and Kerala account for more than 80% of the total marketing of argicultural produce. As such, the geographical imbalances need to be bridged with the intervention and assistance of the Central Government.

**(d) Stiff competition from State Sector:** Although they are under the concept of the multi-agency approach, some public-sector agencies have to play a supplementary and complementary role to co-operatives, in practice the latter face stiff competition from the former. This calls for finding out ways and means for establishing an effective co-ordination between co-operatives and State sector agencies as both have been assigned a pivotal

role to play in the overall development of the country.[18]

## (3) Administrative Lacunae

**(a) Dominant role of Registrar:** According to Co-operative Law, the Registrar should have no statutory or legal authority to intervene in the management of co-operatives, which should be autonomous. However, if he fails to exercise the powers vested in him this is tantamount to dereliction of duty. Therefore, his initial role of 'friend, philosopher and guide' has been converted to that of 'creator, preserver and destructor' of the movement. Presently, he has unfettered discretion in all the statutory, regulatory, judicial and administrative functions. That is why in no country whatsoever can we find a staff of co-operative officials similar to that in India. Sir Horace Plunkett has remarked that in India, "co-operation is merely a Governmental policy and not a live movement". As students of Politics and Administration, we can only find this concentration of authority in a totalitarian and authoritarian regime. It is in contravention with, and repugnant to, the spirit of democracy of which we are the staunch supporters amongst the developing world.

There is some truth in the above comments. Historically, unlike the other developed systems, co-operatives in India began as an official sponsored movement and employment of the Registrar was thus obvious and not a retrogressive step.[19] Power corrupts and absolute power corrupts absolutely. It is with this background that the State Co-operative Councils can considerably help in democratising the authoritarian functioning of the Registrar.[20]

The Registrars are generally appointed from amongst the Indian Administrative Service cadre and stay in office during the pleasure of Government. The National Co-operative Union of India study testifies that during 15 years (1960-75), 42% (56 out of 136) Registrars had the shortest tenure of less than one year while only 18%(24) completed 3 or more than three years service in a particular State.[21] More interestingly, in the State of Punjab, 9 out of 15 Registrars (1966-81) served for less than a year and none served for a three year period. It clearly shows that only those who can exert influence in deference to the wishes of political executives (co-operatives being the grass-root democracy,) remain in office, irrespective of their temperament to serve co-operatives. As such, the present cadre of I.A.S. needs to be categorised according to the nature of activities, e.g., developmental, law and order, financial law, etc. The appointment of a Registrar must be from the Development Departments for a definite tenure.[22]

**(b) Deputation of Personnel:** Co-operatives have been relying on State Benevolence in matter of personnel because, as the *All India Rural Credit Survey Report (1954) puts it* "inadequate, ill-qualified and poorly paid staff are one of the most serious weaknesses of the movement". As a matter of policy, deputation should be resorted to only in exceptional cases, for technical and specialised posts, as a temporary measure and only after tapping all other possible sources.[23]

It has however, been observed that whereas in the developed states like Maharashtra and Gujarat, all personnel from top to bottom are the direct

recruitees of co-operatives, the position is reversed in northern India. Surprisingly, even the drivers, stenos, assistants, accountants and inspectors etc., were on deputation in all the Apex Bodies of Haryana & Punjab.

The result is that direct employees have generally been unhappy and showing resentment by holding demonstrations, agitations and strikes for the recall of the deputationists.[24] They maintain that the deputationists are appointed on extraneous reasons, block chances of promotion, are class conscious, stay for longer periods to earn more salary/perks, do not maintain interpersonal relations, have no aptitude and acumen to run the organisations on business-cum-co-operative lines, and above all, have no stake in co-operatives. However, they do not dispute their efficiency.[25]

Thus "Birds of passage" as P. R. Dubhashi observes, "cannot serve the long-term development of co-operative enterprises".[26] In the interest of continuity and commitment among the personnel, co-operatives must rely less on deputation and build their own unified co-operative service.

## (4) Developmental Drawbacks

**(a) Politicalisation of movement:** India has an officialised movement because it is not free from the clutches of the State/officials in its day-to-day operations. While providing grants, loans, subsidies, concessions, reliefs and managerial and technical assistance the State under the garb of "partnership" unilaterally decides the future plans of action of the co-operatives. As such, no space is left for the movement to become self-sufficient, self-dependent, and self-regulatory.

On the other hand, de-officialisation of the movement aims at removing the restrictive features of co-operative legislation, preventing domination by vested interests, the devolution of supervisory and developmental functions, currently discharged by Government, to co-operatives in a progressive manner, and providing efficient management.[26]

In India, the present trend is more towards politicalisation which is more dangerous and not a healthy sign. The principle of democratic control and political neutrality is becoming futile and co-operatives are being considered as the centre of politics. For instance, with the change in political set-up both at the centre and in the states in 1977 and 1980, there has been an era of supersession of elected Boards on political grounds right from the primaries to apex federations especially in States of Haryana, Uttar Pradesh, Madhyar Pradesh, Andhra Pradesh and West Bengal. Such a step has shaken the faith of people in co-operatives as an instrument of securing economic and social justice.

Vested interests have also infiltrated into co-operatives in disguised forms and act as a parasite on society because they are little bothered with public welfare and thus, usurp all the benefits meant for genuine members. Jagjivan Ram, delivering the valedictory address at the 8th Indian Co-operative Congress said he felt that a new kind of aristocracy was being generated behind the facade of the co-operative movement.[28]

It is now generally assumed by all and sundry that co-operatives are a way of getting "easy" finance from

the Government. The words "grants, loans, subsidy" have changed intermittently with "self-help, mutual help, joint action". Moreover, like the private organisations, the small individual members in co-operatives are losing their identity in the control mechanism which is inimical to the basic objectives of co-operatives.[29] In order to save the movement from further politicalisation and degeneration, it is much better if we restrict the movement of officialisation, if not deofficialisation in its true spirit. Co-operatives in Israel have complete de-officialisation in spite of the fact that the Registrar in Israel is as powerful as his counterpart in India. The former essentially affixes his official seal on the decisions already taken by the co-operative movement.

**(b) Co-operative Research & Development:** The importance of field study, research and evaluation in any field needs no emphasis. The performance of co-operatives has to be assessed in terms of their objectives, developmental policies and schemes and to find out the problems experienced and their remedial solutions.

Though a number of organisations are engaged in the task of research, most of the studies by and large, are of a general and repetitive nature. There are very few planned and purposive studies having a definite contribution to policy decisions. Spheres like management, consumers, industries, fisheries, urban credit etc., have remained completely untouched and unexplored.[30]

No recent data is available to substantiate the amount of work done in the various fields of co-operation. However, a survey of the research undertaken up to 1969 shows that out of a total of 457 studies 16 were Ph.Ds, 134 research reports, 71 M.A. dissertations, 29 research papers and 27 books and booklets.[31] In this context, Dr A. U. Shaikh observes that though periodically there have been successful experiments in co-operation in a few scattered regions there has been little consistency or continuity in their pursuit. In a sense, they are killed with faint praise or allowed to die a natural death due to general apathy.[32] The co-operative Planning Committee remarked quite some time ago that "patient study and deep reflection are likely to be avoided as they may yield results antagonistic to the practice currently followed."[33] Thus, research studies are of no use if the recommendations of these studies are not analysed and implemented in a rational and logical manner.[34]

Panjab University has made a modest beginning to initiate research on all major aspects of co-operatives and it is hoped that other Universities may also follow suit so that we can preserve this storehouse of knowledge and benefit from the vast co-operative experimentations in different parts of the country.

**(c) Co-operation as a neglected Subject:** In order to understand the theory and practice of any discipline, there is always an imperative need for an extensive and thorough study of the subject. B. Venkatappiah outlining the academic importance of co-operation suggests the various areas for study, e.g., as movement, as programme, as form of organisation, as spearhead of social transformation etc.[35]

Co-operation unlike economics,

agriculture, public administration etc., has not been given due weightage in academic curricula.[36] So far, no University offers a degree course in Co-operation. There are only four universities offering diplomas at the Master's level. According to another survey, out of 44 Universities studied, 70% offer co-operation as an optional paper at B.A. level and 30% at Master's level (M.Com). Only 3 Universities provide for a diploma or make co-operation a compulsory subject.[37]

It would be worthwhile to mention that on the recommendations of the Expert Group the University Grants Commission has circulated guidelines for the introduction of the subject at B.A. and M.A. levels. However, due to the general apathy of Universities, nothing concrete has materialised from these recommendations. In this respect, State Co-operation Departments are to be equally blamed for not paying due attention to this vital issue. Since most of the Universities are being financed and supervised by State Governments, there should not be any hitch to establishing new Departments of Co-operative Management. This way, Universities can fulfil their role by acting as bridge between the community and the Government.

There are very few books which have given an analytical and rigorous treatment to the subject of co-operation. Most literature is outdated and contains merely factual information. In order to popularise the subject, it is suggested that State Governments and training institutions may undertake publication or subsidise publishing of standard books by scholars, administrators and co-operators of repute.

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# ROBERT OWEN MUSEUM – AN APPEAL

THE name of Robert Owen (1771-1858) is known throughout the International Co-operative Movement. Owen was the genius who inspired and innovated many social reforms and advocated the development of Co-operation as an alternative to the anarchic individualism and selfishness of 19th century capitalism. His ideas on Co-operation had a significant influence on the Rochdale Pioneers in establishing their famous Co-operative society.

But Robert Owen as the "Father of Co-operation" is not merely a name and a date in the history textbook – his philosophy and outlook are in many ways startlingly relevant to our times. His name is revered as a great Co-operator and social thinker not only in Britain but in countries as far afield as the United States, where he established Co-operative communities, and Japan, which has a flourishing Robert Owen Association. Owen was a great internationalist. It is appropriate, therefore, that the International Co-operative Movement should continue to honour his memory by seeing to it that a knowledge of the life and ideas of Robert Owen is promoted and inspiration is gained from the work of this genius, who was truly a man before his time. One practical way is to support a fund to re-establish the Robert Owen Museum at his birthplace in the little town of Newtown in Powys, Wales. For many years the Museum was visited as a place of pilgrimage by Co-operators from all over the world but, for reasons which are outlined below, the Museum had to close. Admirers of Robert Owen are anxious that the Museum should open its doors again in Newtown and once more become a "Mecca", a centre of education and inspiration for Co-operators of all countries.

A museum may sound something of an anti-climax. After all it could be argued that Co-operators have already done enough of this sort of thing for Owen. In 1903 the British Co-operative Union built a "Robert Owen wing" to the Free Public Library in Newtown. A year earlier the Union had erected ornamental memorial railings around Owen's tomb. In 1956 Co-operators erected a statue to Owen in Newtown town centre.

These are very worthy memorials but a museum is different – a modern museum need not be merely a mausoleum in memory of a man long since dead but a place of education and inspiration, particularly to the younger generation – the Co-operators of the future.

## Closing of Co-operative Shrine

The Robert Owen Museum at Newtown has had a chequered history. The house in Broad Street which was Owen's birthplace was demolished in the days before historical buildings were listed and protected. The site was

occupied by a branch of the Midland Bank but the Bank did provide accommodation for the Museum on an upper floor and at nominal rent.

Then in 1978 the Bank had to give the Museum notice to quite. Anxious to expand its Newtown branch, the Bank had looked for new premises elsewhere in the town but without success. Consequently the Museum had to go so that the Bank could extend its premises.

The result was that the precious exhibits – marvellous personal memorabilia of Robert Owen and a fascinating collection of books and documents – were in the main put into storage except for a token display of a few items in the foyer of Newtown's new public library.

## New Premises Available

The Council of Management of the Robert Owen Museum, on which the British Co-operative Union is represented, has since 1978 been searching for suitable premises for the Museum. At last, in 1982, Newtown Town Council offered the ground floor of the old Free Public Library (which the Co-operative Union had helped to build in 1903) as a venue for the Museum.

In view of the old Free Library's association with the name of Robert Owen, the rehousing of the Robert Owen Museum within the Library could not be more appropriate. Indeed, the Museum will actually be rehoused within the "Robert Owen wing" built by Co-operators 80 years ago.

But it is not simply a question of re-arranging a few glass display cases in an empty room. The Museum's Council of Management regard this as an opportunity to create an attractive modern museum which will effectively put over Robert Owen's ideas as well as tell the story of his life. It will be a museum to influence young people and help to put Newtown on the international tourist map. But to remove the old library fittings and provide modern museum display units, equipment and furniture is going to cost money. Then again there is the question of future maintenance.

Various Welsh organisations are making grants and donations but a further £10,000 is still needed. The Museum's Council of Management has launched an appeal for this sum and the British Co-operative Movement has already made a considerable donation to the fund.

However, the Council of Management of the Museum would be pleased if Co-operators of all countries availed themselves of this opportunity of honouring the name of Owen by contributing to the Museum Fund. They would thus have a share in creating a new memorial to Robert Owen – a live, dynamic memorial which will help to spread knowledge of the life and Co-operative outlook of this remarkable man.

Donations should be sent to:

Mr Christopher Hopwood
Secretary
Robert Owen Memorial Museum
Davies Memorial Gallery
Newtown
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GREAT BRITAIN

# Book Reviews

## REVOLUTION FROM WITHIN

**by Michael Young and Marianne Rigge**

Weidenfeld and Nicolson, London, Paperback, 188 Pages. Price: £6.95

> *"Ideas can never be buried like people. Dust to dust will not return. But ideas, however dead they seem and however deeply buried, are liable to work their way out when their time comes again and gain a kind of immortality above ground as though they had never been put away below it".*

Many readers of the Review will be surprised to learn that this rather iconoclastic quotation refers to the Co-operative idea in Britain and it would be wrong to judge a book by one quotation. It reflects, however, the authors' attitudes. On the one hand, they tend to undervalue the achievements of British Consumer Co-operatives over the last 30 years, while on the other, they are enthusiastic about the growth in, and potential of, Workers' Co-operatives.

Young and Rigge are not alone in such views. Others are also excited at the prospects for new developments. At the end of 1982, there were around 500 Workers' Co-operatives in Britain but only five years earlier there had been less than 50. Such a rate of increase seems spectacular but it should be kept in mind that the Workers' Co-operative sector is small, at least in terms of membership. It is estimated that it still has only around 7,000 members. However, many people see in it the means whereby a middle road, or third sector, can be created in the British economy.

Consequently, this increased interest in the Co-operative alternative has led new people and institutions to become involved in the British Co-operative scene. It could also lead to possible changes in existing Co-operative institutions. *Revolution From Within* captures well the creativity and dynamism that exists within this state of flux.

*Revolution From Within* reveals many things, including the fact that a wide variety of new people are now involved in Workers' Co-operatives such as the unemployed, the alternative life-stylers, Christians and Buddhists, local and national politicians, academics, trade unionists and the established Co-operative Movement. Undoubtedly these have widened the elements in British Co-operation but it may not be true, as Young and Rigge claim, that these new people have "brought a more pronounced middle-class element into Workers' Co-ops than at any time since Kingsley, Maurice and

Neale and other Christian Socialists, of the last century . . .". The authors obviously support Robert Oakeshott, who, besides being undoubtedly middle-class, has done much to popularise the Mondragon Co-operatives, when he argues that the failure of Co-ops to grow and prosper has been due "to their 'cloth cap' character in Britain".

*Revolution From Within* provides other insights into current developments. For example, it places them within the context of the history of Co-operative ideas within Britain. It also places them within a contemporary context when it compares developments in British Workers' Co-operatives with those in Spain, France and Italy.

There are other significant areas in the book, but two are of special interest.

In one, the authors bring out well the present ideological divisions which exist in British Producer Co-operatives. Believing these to be greater than in other countries they identify two main schools of thought. Of these they ask, "Will a Co-op thrive better if the members regard it as a composite of individuals with individual interests or as a collective affair in which the common interest is all and in which individual interests are submerged?" Young and Rigge conclude that "There is a powerful case each way".

They also recognise that the dispute is about a fundamental general issue and that the adherents of the two schools have taken up strong ideological positions.

Young and Rigge plead for the debate to be carried on without the bitterness which apparently characterises it at present and suggest that a new Co-operative principle should be adopted: that "members of Co-operatives with different structures should always be tolerant of each other".

The other important contribution of the book is when it underlines the structural implications, both for the new Co-operatives and for the existing Movement, arising from recent developments.

Young and Rigge readily recognise the strength that comes from Co-operatives co-operating with other Co-operatives. Urging Workers' Co-operatives to federate with each other for certain functions, they have drawn up a structure for national federation. Alongside of this they examine the possible future roles of such pivotal organizations as the Co-operative Development Agency, the Co-operative Bank and the Co-operative Union.

Reading *Revolution From Within* one gets the strong impression that current Co-operative development in Britain is unplanned, rather disorderly and characterized by ideological divisions. If so, it probably differs from that which has taken place elsewhere, particularly in Third World countries. It is interesting that it is occurring in a country with a long Co-operative history. Also that it is occurring in a country which is entering a post-industrial phase. For these reasons this book will be of interest to Co-operators in the other countries. Above all, it shows that ideas are moving. And, as we know from history, when ideas move, men move.

Young and Rigge's book has been well researched and those wishing to look beyond it, will be helped by the long lists of references and further reading which it gives.

RITA RHODES

# THE CO-OPERATIVE MOVEMENT IN THE ARAB WORLD

**by Dr Samiuddin**

Publisher Faculty of Commerce, Aligarh Muslim University, Aligarh; 76 pages; Price Rs. 20/–

The Co-operative Movement has been recognised as one of the important tools for attaining rapid economic growth in many parts of the world. It brings an equitable distribution of economic gains among the masses which is the need of the hour. The developing economies in general, and in the middle-east countries in particular because they have vast resources at their disposal, can make a better use of the Movement for achieving rapid economic development.

The book highlights the beginning of the Co-operative Movement in middle-east nations of the world namely – Egypt, Iraq, Jordan, Lebanon, Moroco, Oman, Saudi Arabia, Sudan, Syria and Yemen, excluding Kuwait, Iran and the United Arab Emirates. Though the study does not provide any analytical study of the subject, as rightly pointed out by Dr S. K. Saxena, Senior Consultant, Swedish Co-operative Centre, while writing the foreword of the book, it provides some useful information about the co-operative structure in these countries.

Dr Samiuddin, who is a competent authority on the subject of co-operation, has done a good job by providing a strong base for further empirical analysis of the Co-operative Movement in the Arab World. The author would have helped the cause of the Co-operative Movement in Islamic countries more if he had given up-to-date statistics relating to different co-operative activities which, by and large, are confined to 1975-76. I am sure, in the second revised edition of the book, the author will make all efforts to remove the deficiency.

The book can be considered as a standard treatise so far as the Co-operative Movement in Islamic countries is concerned, and will serve a useful purpose to the concerned authorities of respective countries.

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