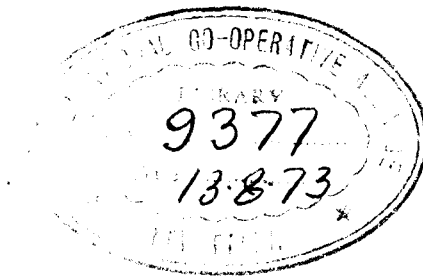


2^d INTERNATIONAL CONFERENCE ON COOPERATIVE THRIFT AND CREDIT
2^o CONFERENCE INTERNATIONALE DE LA COOPERATION D'EPARGNE ET DE CREDIT
2^o CONFERENCIA INTERNACIONAL SOBRE AHORRO Y CREDITO COOPERATIVO
2. INTERNATIONALE KONFERENZ ÜBER GENOSSENSCHAFTLICHES SPAREN UND KREDIT



PARIS SEPTEMBER 21st-28th 1970

PROGRAM OF THE CONFERENCE

Under the high patronage of the Government of the French Republic who was represented during the inaugural ceremony by :

Monsieur Joseph FONTANET
Minister of Labour,
Employment and Population

Patron's committee :

Mr Maurice SCHUMANN, Minister of Foreign Affairs,
Mr Valéry GISCARD d'ESTAING, Minister of Economy and Finance,
Mr Joseph FONTANET, Minister of Labour, Employment and Population,
Mr Yvon BOURGES, Secretary of State at the Ministry of Foreign Affairs,
Mr Jean de LIPKOWSKI, Secretary of State at the Ministry of Foreign Affairs,
Mr Jacques CHIRAC, Secretary of State at the Ministry of Economy and Finance,
Mr Jean BAILLY, Secretary of State for Trade,
Mr Philippe DECHARTRE, Secretary of State at the Ministry of Labour, Employment and Population.

ORGANISED BY :

l'Union du Crédit Coopératif et la Confédération Nationale du Crédit Mutuel

UNDER THE SPONSORSHIP OF :

International Cooperative Alliance
CUNA International, Inc.
Les Caisses de Crédit du Canada-Québec
Central Cooperative Bank for Agriculture and Forestry of Japan
National Cooperative Union of India

Theme of the Conference :

« THRIFT AND CREDIT COOPERATION AS A BASIS OF DEVELOPMENT. »

Languages

The official languages was French - English - German - Spanish.
Simultaneous interpretation was provided in the official languages.

SUNDAY, SEPTEMBER 20th, 1970

2 : 30 p.m. - 6 : 00 p.m.

Reception of the delegates at the C.E.P.A.C.I.
Delivery of documents relating to the Conference.
Settlement in various hotels.

MONDAY, SEPTEMBER 21st, 1970

9 : 30 a.m. - 10 : 45 a.m.

Mr d'ANDLAU, Honorary President of the Confédération Nationale du Crédit Mutuel.
Mr Pierre LACOUR, President of the « Union du Crédit Coopératif ».

Welcome speech.

Chairman : Dr BONOW, President of the International Cooperative Alliance.

Speaker : Mr R.C. ROBERTSON, President of CUNA International.

« The evolution of cooperative credit since the Jamaica Conference of October 1966. »

Interventions by :

1. Mr SOUPRAS, General Manager of the « Fédération des Caisses d'Economie du Québec ».
2. Mr HIJIKATA, Director of the « Central Cooperative Bank for Agriculture and Forestry » of Japan.
3. Dr KLEINHANS, Director of the « Raiffeisenverband », Bonn.
4. An officer from « Union du Crédit Mutuel », France.
5. An officer from « Confédération Nationale du Crédit Mutuel », France.

10 : 45 a.m. - 11 : 00 a.m.

Interval.

11 : 00 a.m.

Formal Speeches :

Mr Pierre LACOUR, President of the « Union du crédit Coopératif ».

Mr d'ANDLAU, Honorary President of the Confédération Nationale du Crédit Mutuel :

Mr Antoine ANTONI, President of « Conseil Supérieur de la Coopération » France.

Mr Habib THIAM, Minister for Rural development of the Republic of Senegal.

The honorable Orville FREEMAN, Governor of the State of Minnesota, former U.S. Secretary of Agriculture.

Address by :

Mr Joseph FONTANET, Minister of Labour, Employment and Population.

2 : 30 p.m. - 3 : 45 m.

« The role of Credit Cooperatives in relation to the actual social context, and especially future and youth problems.

Chairman : Mr Emile GIRARDIN, President of the « Fédération de Québec des Unions régionales des Caisses populaires Desjardins ».

Reporters : Mr SCHLENCK, Director of the « Raiffeisen Zentralkasse Tirol », Austria.
Mr DESROCHE, Director of the « Collège Coopératif », France.

Interventions :

1. An officer from CUNA International.
2. An officer from CUNA Mutual Insurance Society.
3. An officer from « Confédération Nationale du Crédit Mutuel », France.
4. Mr LAMARCHE, General Manager of the « Fédération de Montréal des Caisses Desjardins ».
5. Mr CHARRON, General Manager of the « Fédération de Québec des Unions régionales des Caisses populaires Desjardins ».

3 : 45 p.m. - 4 : 00 p.m.

Interval.

4 : 00 p.m. - 5 : 30 p.m.

Discussion and synthesis.

6 : 00 p.m.

Cocktail party at the Town-Hall (on invitation) offered by Paris Town-Council.

TUESDAY, SEPTEMBER 22nd, 1970

9.30 a.m. - 11.15 a.m.

3. « Problems of thrift and credit co-operatives in developing countries. »
Chairman : Mr Wilfred S. MAC KINNON, President of « National Credit Union Association » (U.S.A).
Reporter : Dr S.K. SAXENA, Director of the « International Co-operative Alliance ».
Interventions :
1. Mr Y. UDAYABHANSINHJI, President of the « National Cooperative Union of India ».
2. Mr BELLONCLE (Niger).
3. An officer from CUNA International.

11.15 a.m. - 11.30 a.m.

Interval.

11.30 a.m. - 12.30

Discussion and synthesis

12.30 - 2.30 p.m.

Luncheon.

2.30 p.m. - 3.45 p.m.

4. « International aid by thrift and credit cooperatives to the developing countries. »
Chairman : Dr BONOW, President of International Co-operative Alliance.
Reporter : J. Orrin SHIPE, Managing Director of CUNA International and National Credit Union Association.
Interventions :
1. Dr SCHIFFGEN, « Deutscher Raiffeisenverband ».
2. Mr J.B. MOKOSSO, Director of Cooperation, Bangui, R.C.A.
3. An Officer from International Cooperative Alliance.

3.45 p.m. - 4.00 p.m.

Interval.

4.00 p.m. - 5.30 p.m.

5. « Thrift and credit co-operatives in relation to Governments. »
Chairman : Yuvraj UDAYABHANSINHJI, President of National Co-operative Union of India.
Speaker : Dr KLAUHS, Director of the « Genossenschaftliche Zentralbank », Austria.
Interventions :
1. Pr TANA, « Casse Rural », Roma.
2. An Officer from CUNA International.

WEDNESDAY, SEPTEMBER 23rd, 1970

Free or visit to the « Fédération d'Alsace-Lorraine du Crédit Mutuel », Strasbourg.

8.45 a.m.

Coaches leave hotels.

9.00 a.m.

Coaches arrive on cathedral esplanade.
Conducted visit of the cathedral.

9.45 a.m.

Conducted tour around the town.

11.30 a.m.

Reception at the « Maison du Crédit Mutuel » by Mr Théo BRAUN, President of the French Confédération Nationale du Crédit Mutuel.

1.00 p.m.

Luncheon.

2.30 p.m.

Excursion to a vineyard and visit to the « Crédit Mutuel » Center.

5.00 p.m.

Reception by the City Council of Obernai, near Strasbourg.

7.00 p.m.

Departure for Paris.

THURSDAY, SEPTEMBER 24th. 1970

9.30 a.m. - 11.30 a.m.

« Thrift and credit co-operatives as a means of education. »

Chairman : Dr S.K. SAXENA, Director of International Co-operative Alliance.

Reporter : Mr Yvon DANEAU, General Manager of the « Conseil de la Coopération du Québec ».

Interventions :

1. An Officer from CUNA International.

2. Mr P.E. CHARRON, General Manager of the « Fédération de Québec des Unions régionales des Caisses populaires Desjardins ».

3. Mr Robert SOUPRAS, General Manager of the « Fédération des Caisses d'Economie du Québec ».

4. An Officer from the « Fédération de la Région parisienne du Crédit Mutuel », France.

11.30 a.m. - 11.45 a.m.

Interval.

11.45 a.m. - 12.30

Discussion and synthesis.

12.30

Luncheon.

Free afternoon for the members of the conference.

3.00 p.m. - 5.00 p.m.

Sponsors' work meeting.

FRIDAY, SEPTEMBER 25th, 1970

9.30 a.m. - 11.30 a.m.

7. « Thrift and credit co-operatives in relation to traditional bank and other co-operatives. »
Chairman : Mr Pierre LACOUR, President of the « Union du Crédit Coopératif ».
Reporters : Mr André LAMARCHE, General Manager of the « Fédération de Montréal des Caisses Desjardins ».

Mr André CHOMEL, General Manager of the « Crédit Coopératif », France.

Interventions :

1. Dr KLAUHS, Director of the « Genossenschaftliche Zentralbank », Austria.
2. An Officer from CUNA International.
3. Pr HOYNDEN, Expert to the Japanese co-operatives.
4. Dr BLEILE, General Manager of the « Genossenschaftliche Zentralbank ».
5. Mr Pierre de SAINT-BASILE, Assistant General Manager of the « Banque Française de l'Agriculture et du Crédit Mutuel ».

11.30 a.m. - 11.45 a.m.

Interval.

11.45 a.m. - 12.30 a.m.

Discussion and synthesis

12.30 - 2.30 p.m.

Luncheon.

2.30 p.m. - 4.15 p.m.

Final survey session : brief interventions by various delegates.

Chairman : Dr BONOW, President of International Co-operative Alliance.

Reporter : Mr R.C. ROBERTSON, President of CUNA International.

4.15 p.m. - 4.30 p.m.

Interval.

4.30 p.m. - 5.30 p.m.

Conclusions and closing of the Conference.

8 : 00 p.m.

Banquet.

with the effective presence of Mr. PAHADIA Minister of Agriculture of India, Mr. Jean-Paul L'ALLIER, Minister for Communications of Quebec Government.

Mr Jacques CHIRAC, Secretary of State of the Ministry of Economy and Finance.

Mr. Philippe DECHARTRE, Secretary of State at the Ministry of Labour, Employment and Population.

SATURDAY, SEPTEMBER 26th, 1970

Optional visit to the « Fédération régionale du Crédit Mutuel du Centre » in Châteaudun, and excursion to the Châteaux of the Loire Valley.

8.30 a.m.

Coaches leave Paris.

Via Chartres (visit to the cathedral).

Châteaudun (visit to the « Caisse de Crédit Mutuel »).

12.30

Luncheon. in Châteaudun.

3.00 p.m.

Leave for :

Blois (visit to the château) — Cheverny (visit to the château) — Chambord (visit to the château) — Refreshments will be served in a Village Inn. — Return to Paris via La Motte-Beuvron and Orléans.

9.00 p.m.

Coaches arrive back in Paris.



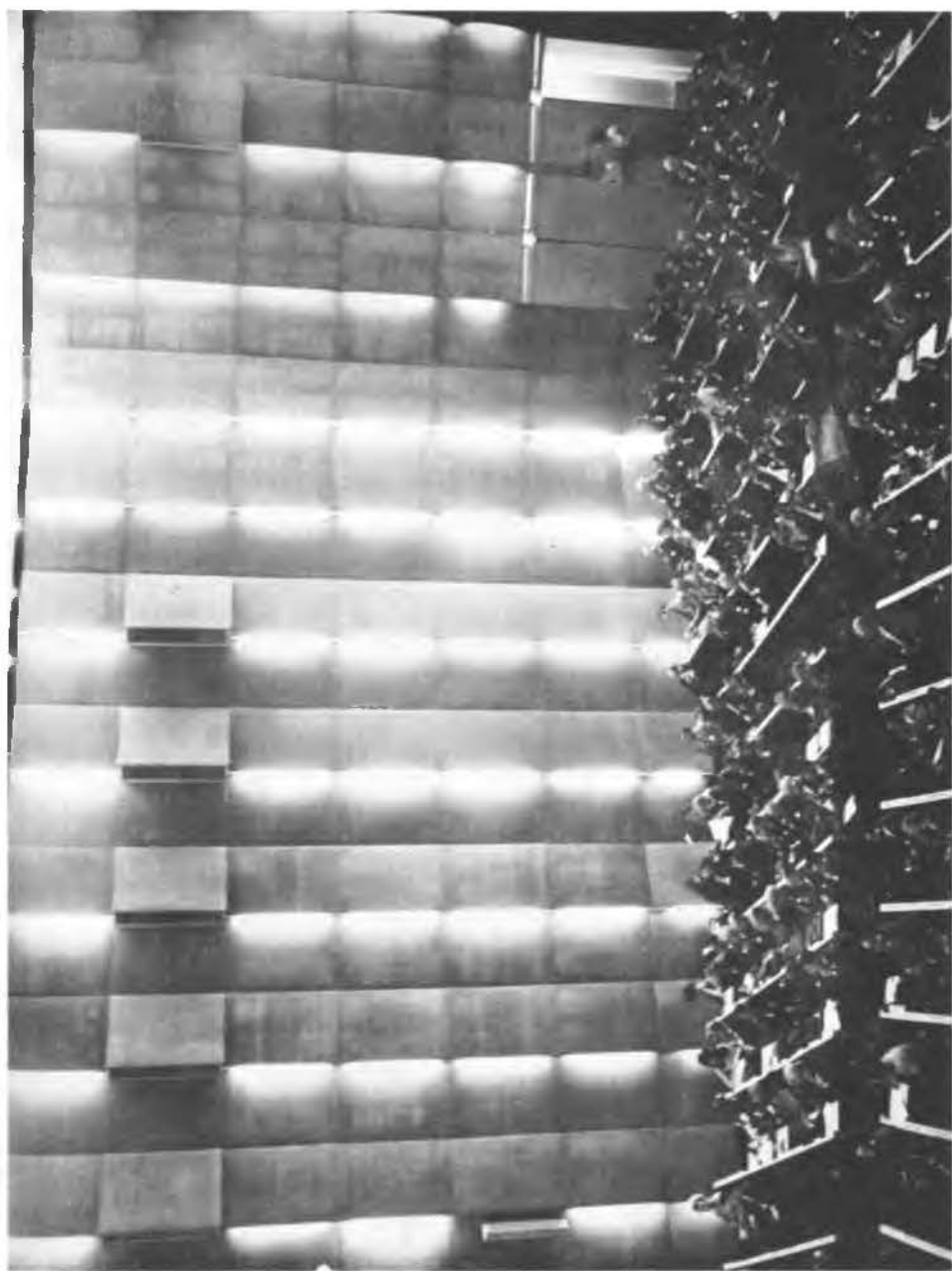
Representatives of the organisations taking part in the 2nd International Conference on Cooperative Thrift and Credit :

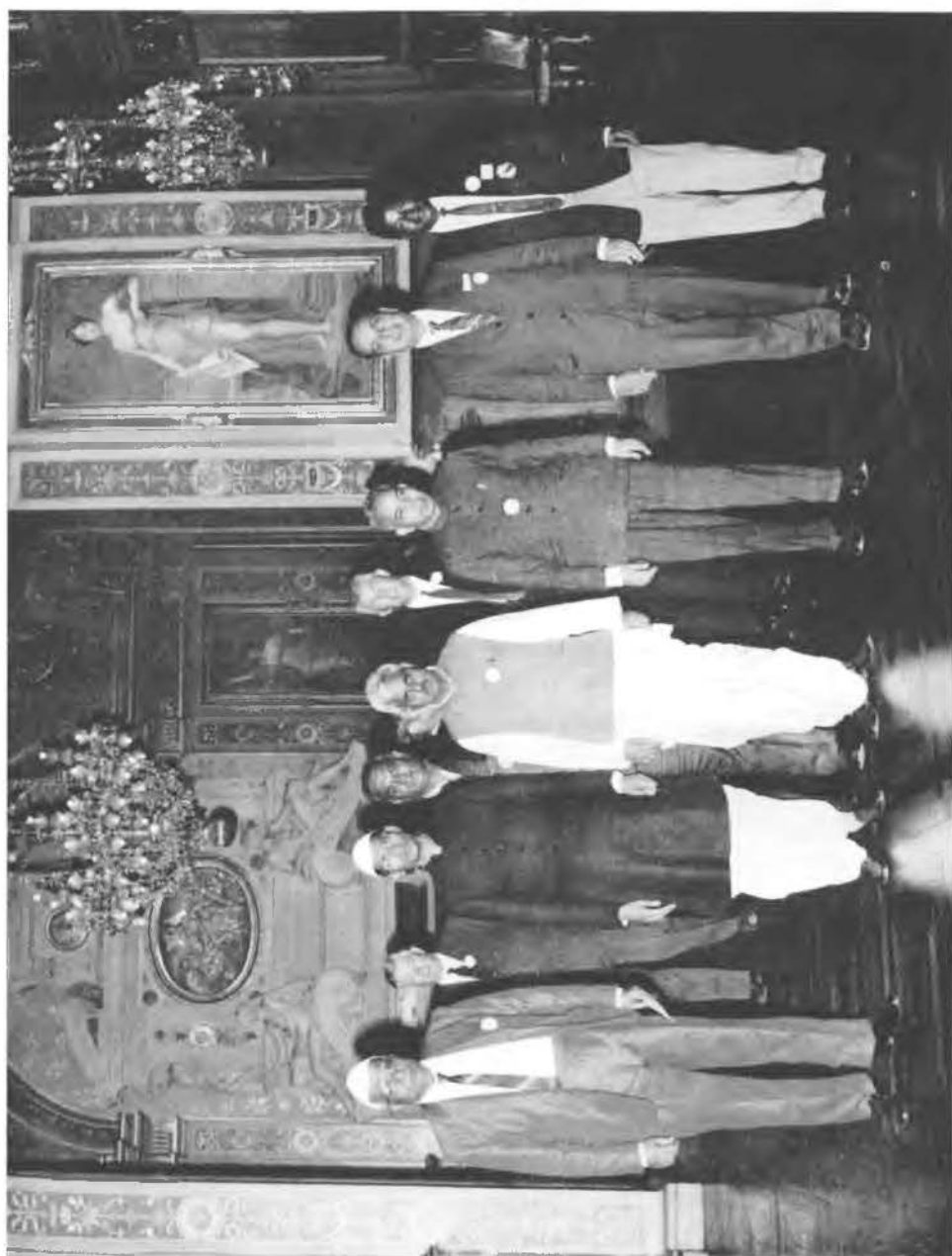
(standing) left to right, Mr. P.E. CHARRON and Mr. E. GIRARDIN, of the « Fédération de Québec des Unions Régionales des Caisses Populaires Desjardins »; Mr. UDAYABHANSINHJI, of the National Cooperative Union of India; Mr. J.O. SHIPE and Mr. W.S. MAC KINNON, of the CUNA International Inc.; Dr. S.K. SAXENA, of the International Cooperative Alliance; Mr. HIDETOSHI, of the Central Cooperative Bank for Agriculture and Forestry of Japan; (sitting), Mr. P. LACOUR, President of the « Union du Crédit Coopératif » France; Dr. M. BONOW, President of the International Cooperative Alliance; Mr. D'ANDLAU, Honorary President of the « Confédération Nationale du Crédit Mutuel »; Mr. ROBERTSON, President of the CUNA International Inc.



The tribune (left to right).

Mr. FREEMAN, Governor of the State of Minnesota, Former U.S. Secretary of Agriculture; Mr. THIAM, Minister for Rural Development of the Republic of Senegal; Mr. D'ANDLAU, Honorary President of Confédération Nationale du Crédit Mutuel; Mr. FONTANET, Minister of Labour, Employment and Population, France; Dr. BONOW, President of the International Cooperative Alliance; Mr. ROBERTSON, President of CUNA International; Mr. BRAUN, President of « Confédération Nationale du Crédit Mutuel, France »; Mr. HIDE-TOSHI, Director of the Central Cooperative Bank for Agriculture and Forestry of Japan; Mr. LACOUR, President of the « Union du Crédit Coopératif, France ».





**2nd INTERNATIONAL CONFERENCE
ON COOPERATIVE THRIFT AND CREDIT**
Paris, 21 st — 26 th September 1970
THRIFT AND CREDIT COOPERATION AS A BASIS OF DEVELOPMENT

Mr. D'ANDLAU,

Honorary President of the « Confédération Nationale du Crédit Mutuel ».
opens the meeting by giving the floor to :

Mr. LACOUR,

President of Union du Crédit Coopératif.

I wish to introduce myself as being the person responsible for all the imperfections of the organization.

I welcome those who come from faraway countries as well as from neighbouring countries, those who come through cooperative conviction and those who come out of friendship, bringing their help, their experience, the result of their thoughts and above all else the help of their friendship. To them all, I express my thanks.

Thank you for coming in such large numbers — there are more than 300 of you — making of this Conference a truly important international event.

My thanks to all the institutions and cooperative and mutual organisms, national and international, whose sponsorship has not only facilitated but in fact allowed convening this Conference. Their precious help, both material, intellectual and moral, the hard work performed for the past two years, have been the irreplaceable conditions of a meeting which, we all hope, will be a successful one.

We have done our best to facilitate this issue, but we have had to modify the things we had originally foreseen.

Thus, this opening meeting has been divided in two : we have had to create a first working meeting, because Mr. Giscard d'Estaing, the Minister of Finance, who was to preside over the meeting, was called to an International Monetary Fund meeting in Copenhagen. Mr. Joseph Fontanet will therefore represent the French Government. Since the Minister for Labour is not free before 11 o'clock, he has asked us to delay until that time the solemn and formal opening ceremony. We have thought it was possible to hold beforehand a working session, which was originally foreseen to follow the formal opening meeting.

We have asked Mr. Bonow to be kind enough and chair this meeting during which Mr. Robertson, Chairman of CUNA International, will make a statement on

the evolution of the savings and credit cooperation since the 1966 Jamaica Conference.

It is therefore at 11 o'clock that, after a short suspension, we shall receive the Minister and that purely formal Conference opening and welcome speeches will be delivered.

A press conference will then be held. We invite the presidents of the various delegations to be present at this press conference and we hope that the questions asked will be interesting for both them and the journalists.

The Sponsoring Committee has examined yesterday the question of the length of interventions.

The decisions will be taken by the president of each session. As a rule, the rapporteurs will have all the time they need, and the various speakers and secondary rapporteurs should try not exceeding ten minutes. If there are too many of them, the time could well be shortened to five minutes.

Lastly, the Sponsors had suggested that you first accept Chairman Bonow's presidency and that then a committee of six persons be enabled, during the entire Conference, to examine general interest questions with a view to modifying the agenda or making any other modification it considers as adequate.

This Committee would consist of Dr. Saxena, of A.C.I., Mr. Daneau, of the « Conseil de la Coopération du Québec », Mr. Hefter, from CUNA International, Mr. Braun, from « Crédit Mutuel », Mr. Katayanagi, from the Central Cooperative Bank for Agriculture and Forestry, and myself.

On the other hand, Mr. Robertson believes it would prove wise to create a Drafting Committee that would help him prepare the final report. This committee would be in close relation with the Committee whose composition has been announced. The Committee would consist of Mr. Hefter, from CUNA International, Mr. Daneau, from « Conseil de la Coopération du Québec », Dr. Saxena, from International Cooperative Alliance, Mr. Chomeł, from « Crédit Coopératif », Mr. François, from « Crédit Mutuel », Mr. Desroche, director of Collège Coopératif, Mr. Hertel, from « Banque Fédérative d'Alsace ».

The Drafting Committee will make a synthesis of the reports and discussions and present this work to the Executive Committee which may have suggestions to make. All these meetings and work will be carried out in close liaison with the comprehensive report to be submitted to the Conference.

Mr. BONOW

President of the International Co-operative Alliance.

May I first express my sincere gratitude to the Sponsoring Committee for having honoured me by asking me to take the chair at the first session of this important conference.

The International Co-operative Alliance has the honour of being one of the organizations which, together with the CUNA International, the « Caisses de Crédit du Québec », the Central Co-operative Bank for Agriculture and Forestry of Japan and the National Co-operative Union of India, have sponsored this Conference.

I had the pleasure of taking part in the first Conference in Kingston, Jamaica, and I should like to express the hope that our deliberations in Paris will provide us with further guidelines for the future development of cooperative thrift and credit organizations.

This morning we are going to hear Mr. R. C. Robertson of the CUNA International who will tell us about the evolution of thrift and credit organizations since the Jamaica Conference in 1966.

May I however be allowed to make a certain number of observations without going into too much detail. During the time which has passed since our last conference we have seen economic expansion in industrialised countries; technical and structural changes have provoked an increase in the demand for credit at lower cost.

Furthermore : in view of important structural changes now taking place, co-operative organizations of all kinds are demanding larger long-term credit facilities with a view to their future development.

In addition, the average consumer is asking that the co-operative and other sources that finance him, procure credit for him so that he may provide for the needs of his family. In particular, purchases on the instalment system of an increasing number of durable consumer goods, have led to an ever expanding need for cheaper credit at consumer level.

Furthermore : developing countries find themselves to-day at grips with extremely serious problems in respect of procuring credit with a view, first and foremost, to promote agricultural and rural development. During the next few days you will have an opportunity to study a certain number of the problems just mentioned in detail.

To sum up in a few words : it is very important to create new financial resources, and to make them available to the co-operative movement. We must educate and train a large strata of the population so that they develop a taste for thrift and savings to meet not only the needs for credit at consumption level, but also for the whole production process including supply of inputs, transport and marketing of the produce.

Especially in the urban areas of many countries, inflationary tendencies have seriously affected the wage earner's purchasing power. This is a field in which consumer cooperative societies in close collaboration with co-operative savings and thrift societies will be able to fulfil a still more significant task in the years to come.

The organization I have the honour to represent, the International Co-operative Alliance, is very well aware of these problems. I trust that a certain number of experiences will be presented here in the discussions which will be of values as guidelines to us all. In our world organization it is especially some of our auxiliary bodies, that is the banking and agricultural committees and our International Cooperative Bank (Ingeba) which are intimately concerned with these problems. But I would say that generally within the ICA much thought has been given to these questions. Our African and Asian regional offices have also been active in this field, and they will certainly take part in any programme for concerted efforts in this field, and will assist specifically in respect of education and co-operative training.

We are perfectly aware of the importance of the task carried out by CUNA International in this field. The Conference is lucky to have Mr. R. C. Robertson, President of CUNA International, here to present to us a general picture of the evolution of co-operative credit since the Jamaica Conference in 1966. Before giving him the floor, I should like to say a few words introducing him, so that those taking part in this Conference may know him better.

Mr. Robertson's nickname is Dick; he is First President of the World Council of Credit Unions and President of the Board of Directors of the ICU. For the financial years 1968 and 1969 he was President of the CUNA International. He is full-time Director General of the Credit Union for Employees of the State of Arizona, an undertaking which runs to the tune of several million dollars. He is likewise Treasurer of the Central Credit Union of Arizona; he was formerly President of the Arizona Credit Union and also, at one time, President of the Phoenix Credit Unions (Arizona).

It was in 1954 that he began his work in the Credit Union Movement and his remarkable career.

He holds a degree of the Washington University. It gives me great pleasure, indeed, in asking him to speak to us now.

THE EVOLUTION OF CREDIT COOPERATION SINCE THE JAMAICA CONFERENCE OF OCTOBER 1966

Mr. R.C. ROBERTSON,
President of CUNA International.

It is my honor to be addressing you this morning.

Cooperative thrift and credit organizations have made a great deal of progress since October 1966 in various ways in such a short period of time.

As you who attended the first conference and had the opportunity of studying the reports published following this first International Conference on Cooperative Thrift and Credit already know, the greatest portion of time was spent in getting acquainted and getting to understand each other. CUNA International felt that this first conference was such a success not only because it achieved its principal goal but because it was a point of departure and many of us have remained in contact with each other since then. It was a very enriching experience in mutual comprehension, exchange of knowledge if not money. I hope that this second conference will make way for an even greater mutualist spirit and mutual respect. By better understanding we will progress toward our common goal which is the spreading of our financial experience on a cooperative basis throughout peoples of the world who are eager and need to learn.

The subject of this morning's report is the evolution of the thrift and credit cooperation since the Jamaica conference. This will give us the opportunity to bring you up to date on the activities in this domain throughout the world. CUNA International acknowledges the honor of having been chosen by the coordinating committee of the conference to present this report. We hope in the course of this work to present to you an exact picture of events and tendencies in our organizations over the past four years. We shall in any case try. I hope that you will all understand that linguistic barriers and differences in our ways of operating make this very difficult indeed. We also hope that you will understand that our limited time this morning prevents our going into much detail on the activities of such and such an institution since 1966. Reports and information that reached us literally weighed tons and was several meters high. To even present a report on a single institution would take us more time than we have. We do want to take this opportunity to thank those of you who have submitted reports to us though we did not always receive them as quickly as we would have liked. We also succeeded in obtaining reports from most of the big thrift and credit cooperative institutions who attended the Jamaica conference which proved most useful in preparing our work.

To be frank, I was astonished at the similarity examining the columns of information, in ideas, activities, problems and tendencies coming to light in our different institutions. It has become obvious that we have in actual fact, many common characteristics and therefore excellent reason to attend these conferences throughout the world every few years to discuss our common interests.

Our activities, having been very closely related during the past four years, made it possible to note certain key characteristics of our institutional preoccupations during this period. Below is the list :

- Enormous growth in most countries
- Competition
- Mixing and spreading of new techniques
- Professional development
- Inflation
- New savings and loan techniques
- Electronic data processing
- Changes in legislation
- Urbanization
- Increased government participation
- Intervention in certain countries
- Closer collaboration between savings and loan institutions.

Though we cannot go into detail about the characteristics of our organizations I would like to devote several minutes to a brief commentary on each of them in order to demonstrate the meaning of each expression. Then I propose to devote the greater part of my speaking time to a summary of the reports we received from the principal institutions and organizations that attended the Jamaica Conference. I hope that, in this way you will leave this conference with a clearer idea of activities in the domain of thrift and credit in recent years.

Among all characteristic expressions I enumerated that which requires the least explanation is that of « enormous growth ». By whatever criteria thrift and credit cooperatives have gone a long way both in increased personnel and capital. This growth has been evidenced in all countries except one or two where government political interference has been responsible for a decline in personnel in institutions of our sort. The rate of growth varies according to the economic system in a given country. In the developed countries where thrift and credit cooperatives have operated for some years, growth percentage-wise is smaller than in less developed countries. As for capital and total personnel, growth in the developed countries tends to exceed that in the less developed countries. For example, despite growing competition from other financial institutions, the peoples banks and savings banks of Quebec made what is probably a world record : 44 percent of Quebec's population on December 31, 1969. Though they claim thousands of new members bringing their total up to 2, 647, 000 their percentage of growth is considerably less than that of less developed countries where personnel has doubled, tripled and quadrupled in many places. The same pertains to capital. With the example of Quebec still in mind as representative of development for the industrial zones we find that total assets increased by more than 2 billion dollars since December 31, 1969. Some thrift and credit cooperatives in Africa, the Far East and in Latin America have multiplied their assets several times over. On the basis of figures furnished for this report we can draw the following obvious conclusion : the mutual financial institutions including all categories of credit unions have experienced an increase in the personal savings market in most countries in the past 25 years. Thus we may say that continued an certain growth is one of the most marked characteristics of the evolution of cooperative thrift and credit institutions.

Though capital and personnel showed considerable increase in 1966 the total number of savings and loan institutions in the world has decreased despite the creation of numerous new such institutions in the less developed regions. This decline is due to mergers in several regions. A recent study the International Cooperative Alliance made on credit companies showed that their total number went from 332, 007 in 1964 to 269, 755 in 1967. This decrease was observable in all parts of the world except the western hemisphere where there was a slight increase. In Europe, for example, the number of units went from 7, 900 to 8, 200. The greatest program of consolidation was carried out in Germany by the Raiffeisen organizations. From 1958 to the end of 1969, the number of Raiffeisen organizations including the central banks decreased from 11,032 to 7,269. In the course of these twelve years the number of important offices disbanded or merged amounted to about 300 per year. During the past three years, mergers increased affecting about 600 offices. The final goal is to have 3,500 principal agencies by 1975. We must point out, however, that the principal goal of this merger program is not only to eliminate existing units but to consolidate small and inefficient into larger efficient ones. In this way larger institutions can render better and more up-to-date service to their members. But this merger does not mean that there is any less need for these services. Though the number of principal offices has been considerably reduced in Germany the number of central offices has been increased. Similar mergers are planned in Belgium, in India, in certain Latin American countries, in Canada and in many of the United States.

Many thrift and credit cooperatives that previously worked exclusively on the national level have entered the international market during recent years and the current trend is toward much closer contact between both national and international cooperative banks.

In many countries including the United States where CUNA International financed a larger program of development an international spirit has come to prevail.

One of the greatest success stories in this domain in the course of the past few years is that of the International Cooperative Bank of Basel. This bank was created in 1957 by cooperatives and syndicates. It was reorganized in 1966 into a private company with a capital of 2,5 millions. In the past three years, its capital has increased to 110 million and it has 32 stockholders of 16 different countries. More and more countries are creating their own central cooperative banks and these banks are all in contact with each other. We are witnessing the development of an ever increasing network of cooperative organizations.

It goes without saying that the International Cooperative Alliance plays an important part in this expansion through its banking committee. The two institutions have show a considerable increase in their membership during the past few years. These new members representative of all the countries of the world make it possible for us to maintain a continuous dialogue on the growth and development of thrift and credit cooperation.

One of the most important tendencies in our field of activity is what I referred to as « the development of professionalism ». This tendency was mentioned in the reports we received from France, Germany, Canada, Denmark, Belgium, Latin American as from less developed zones. The same is true of reports sent us by the International Cooperative Alliance, by the International Cooperative Center at the University of Wisconsin at Madison, as well as by the COADY Inter-

national Institute at St. Francis Xavier University, Antigonish (Nova Scotia). This is mentioned more than in merely in passing in the reports received from international cooperative groups such as INGEBA and SIDEFCOOP. This tendency has been encouraged in the United States in the past 10 years by a professional management organization we set up to train professional credit union managers. I am happy to say that in all the countries of the world the development of professionalism is in direct proportion to the desire for improvement in the operation and services of cooperative institutions.

Inflation continues to be the major problem in most of the world. Those of you who were in Jamaica will recall that it was the subject of long discussions at that conference. We are still faced with the problem. The problem is so widespread that even the United States and Canada have been affected by it. Our most competent economists have not been able to resolve it, if, on the one hand there is strict control of the monetary resources of a country economic stagnation may possibly result. On the other hand if an easy money policy prevails galoping inflation may result. The problem consists in finding the formula for a balanced economy that encourages growth without endangering money. I hope that we will discuss this problem during the coming week. As directors of a vast financial network we have as much responsibility for resolving this problem as our governments and our business men. As we all know continued inflation can destroy all the efforts of individual savings customers and we cannot continue to function unless we find a solution to this problem.

Cooperative financial institutions have had to improve and transform their methods during the past four years in order to face the increased competition with commercial banks and to allow our continued operation on an economic basis in a period when prices continue to rise ceaselessly. These transformations include the development of numerous new types of savings and loan techniques; adaptation to electronic data processing; constant legislative change and intensive and extensive commercialization. Moreover many countries where savings and loan organizations are strongly implanted in rural zones are now faced with new problems of urbanization. In other more advanced countries a similar problem of the migration of populations has arisen but in these cases large numbers of the population moving to the suburbs creates the severest problems. In most cases we are well able to handle these changing situations but there are signs that this type of environmental change will be taking place more rapidly in the future and it will be up to all of us to observe these changes in order to profit by them and not curtail our expansion.

From the reports submitted to us it would appear that our government relations are good. The most serious problem has arisen between a government and a thrift and credit cooperative in Argentina. The Instituto Movilizador de Fondos Cooperativos reports that the arrangements adopted by the Central Bank of Argentina seriously threatened the very existence of cooperative thrift and credit institutions in this country. They were at least responsible for seriously limiting the financial operations of credit unions and forced them to renounce certain operations in a space of 72 hours. As a result the Institute was forced to freeze about 4 billion pesos belonging to these affiliated credit unions. Despite all efforts to curtail these restrictive measures, the Institute has not yet been successful. In other countries, government activities have in most cases been favorable to thrift and credit organizations. In Guyana, for example, the government greatly contributed to the creation of a cooperative national bank. In other countries the government facilitated the development of programs of cooperative

thrift and credit by furnishing capital to co-operative banks and by helping them to draw up the necessary legal frame-work for cooperative financial institutions.

Lastly, it would be unforgivable to review the principal phases of evolutionary tendencies within our cooperative thrift and credit companies without mentioning the ever increasing collaboration among cooperative thrift and credit institutions. The organizations appointed by the Jamaica Conference to prepare the present one naturally maintained close contact. We sincerely hope that these close relations between French cooperatives and credit union, CUNA International and the International Cooperative Alliance will have facilitated a well prepared conference. As I said before, these and many other organizations represented here have begun to establish more permanent working relations through the intermediary of the Banking Committee of the International Cooperative Alliance. The Jamaica Conference taught us that all cooperative thrift and credit institutions whatever their philosophical principles or their geographical situation, had common problems. No two of us has the same approach to these problems. We have also learned from each other's experience different ways of solving these problems. We do not want to have homogeneous thrift and credit but it is a good idea to study each other's successes and failures. All of this merely brings us back to something we have already realized and that is what strong collaboration has resulted from the Jamaica Conference among thrift and credit institutions.

These principal characteristics marked the evolution of our organizations in the past four years. They do not, however, tell the whole story. Listing them does not indicate the close relationship that exists among them. They are very intertwined. Each is interdependent upon the others. Some of them have required a longer time than others in certain countries but in general all of them have appeared in different parts of the world.

This evolutionary picture will continue for several years to come. Whether you manage a cooperative bank in Japan, a credit union in France, a national or international cooperative bank in South America or a credit union in Tanzania, you are already involved or will be shortly with these evolutionary phenomena. Those we enumerated today by no means constitute a complete list nor are they necessarily the ones that will prevail tomorrow but from the reports submitted to us they seem to have characterized our evolution over the past four years.

These evolutionary characteristics represent but a superficial description of the activities of our various credit and thrift organizations during the past four years. In order to have a deeper appreciation of these activities since 1966 I would like to call your attention for a few moments to some important developments in our principal institutions since the Jamaica meeting.

Here in France the development of cooperative credit was characterized by a noticeable increase in assets. During the past four years, the total assets of cooperative credit (Union du crédit coopératif) more than tripled, increasing from 487 million francs in December, 1965 to 1,610,000,000 by December 31, 1969. The development of French movements was also marked by a diversification of both lending and borrowing activities. Several new organizations have been set up to offer services to different classes of the population. Less government funds have been channeled toward these activities but government guarantees have permitted them to extend and increase their capital assets. Summarizing the report they submitted to us, the Crédit Coopératif had this to say on the subject of evolution since 1966 :

« The three principal tendencies that have appeared in our evolution during

the past four years are the rapid growth in financial operations, development and diversification of resources utilized and collected, especially in the cooperative organizations themselves, and strengthening of our structures and adaptation of these structures to the changing needs of growth in cooperatives and mutuals.

« This brief summary would not be complete if it failed to mention the development of relations between us and the chief agents of the national economy such as the *Crédit agricole*, mutual credit banks and big semi-public and public banking institutions as well as co-operative organizations of other countries that function on an international scale. Close relations have been established particularly between the International Co-operative Bank, the *Bank für Gemeinwirtschaft* and the International Cooperative Alliance. Lastly, a permanent connection with research and study organizations such as the Cooperative College gives us the necessary means and possibilities of underwriting a complete service for all financial credit and thrift operations whether of long, medium or short term for the cooperative and mutualist movement as well as investments in lease loans, participation and investment operations necessary for adaptation of the cooperative economy to the modern world. »

It is obvious that our French colleagues have done an excellent job of adapting their organization to the rapid changes of French economy.

In Germany, as I indicated previously, the activities for the past four years have been centered around merger efforts. Other tendencies were mentioned in the reports sent to us including a great many savings plans of all sorts, even school savings programs, a tendency to furnish services to an increasing number of employees in urban zones of the country and a greater tendency toward the centralization of all the activities throughout the country.

In Canada, the past four years have been characterized by ever increasing competition with commercial banks. To counteract this, the people's banks and savings banks have had to resort to various new savings techniques to continue to attract funds for their operations and had to develop an intensive market and public relations programs to reach the greatest number of customers. In order to maintain their increasing role in the economic activities of their customers they had to promote numerous changes in legislation at the same time in order to insure the efficacy of their operations modernized by increased use of electronic data processing.

In South America the cooperatives and credit unions have also made great strides. The result has been creation of the Society for the development of Cooperative Financial Institutions set up by cooperative banks of five countries in connection with organizations such as the Cooperative League of the United States and CUNA International. In December 1968 these five banks had 100,652 member cooperatives offering loans of 12,700,000 dollars. In 1969, the volume of loans amounted to 22 millions. Another proof of increased international relations among cooperative institutions is the work agreement made between the International Cooperative Bank of Basel and SIDEFCOOP. INGEBA agreed that SIDEFCOOP should become its lending agent for Latin American cooperatives. The first operation was a loan of 400,000 dollars the United States made to IFICOOP in Chili.

Lastly, as far as CUNA International is concerned, I am proud to tell you that the credit union movement has continued to grow fantastically throughout the entire world. Credit unions that began with the help of CUNA International are functioning in nearly 100 countries. During the past four years, though we

were much absorbed in restructuring our movement, we continued to develop our program throughout the world. By associating ourselves with such organizations as INGEBA, SIDEFCOOP and the Banking Committee of the International Co-operative Alliance we have considerably extended our hold. Gifts from numerous internationally inclined institutions — many of them on this continent — as well as increased contact with US AID will permit CUNA to play a bigger role in this domain within the next few years. In the meantime, we have undertaken a restructuring of our internal activities that will allow CUNA International to become a strong international organization with several powerful national and regional member organizations. On December 31, 1971 what we know today as CUNA International will become the World Council of Credit Unions. At the same time new confederations will be created in the United States, Canada, Australia, South America, Africa and the Caribbean region will not lag far behind. The purpose of this restructuring is to establish organizations on an international, regional and national scale that will be more efficient in their respective zones of operations.

However several important events have taken place in the United States. Among them a proposal for the creation of a central credit union bank to give credit unions greater liquidity. Another proposal, to create an insurance program backed by the government for credit unions would place them on more competitive footing with other financial institutions, and the development of a new corporation — CUNADATA will sooner or later furnish an electronic data network of national dimensions for all the credit unions throughout the country.

These brief notes on the great variety of tendencies and activities in numerous zones throughout the world helps us to get a better idea of the picture of thrift and credit cooperatives as a whole and their evolution since 1966. I think that we all agree that we have a great deal in common to discuss this week discussing characteristics that we have in common. Nevertheless, the theme of this conference is a most important one : thrift and credit cooperation as a developmental base. This is a deserving end in itself. We have never had a better occasion to do so much for so many people throughout the world.

Perhaps the most disconcerting fact to confront us in the reports is the great difference that continues to exist in thrift and credit cooperatives in industrial countries as compared to those in the Less Developed Countries.

Though important progress has been made in the Less Developed Countries in such domains as growth of personnel, assets, government cooperation, integration with other types of cooperatives, training, central banks, I must nevertheless point out that there is an ever widening gap with respect to technical knowhow and modes of operation. We are all proud of the results obtained in the industrial countries in the last few years. Wouldn't we be that much prouder if it were possible to share these results with the Less Developed Countries and badly distributed populations of the world ? Speaking in the name of CUNA International, we invite you to work with us toward this goal.

Mr. SOUPRAS,

General Manager of the « Fédération des Caisses d'Economie du Québec ».

- My talk will be a very short one. As a representative of Quebec and a sponsor of the conference I am very happy to be taking part in this important work. Mr. Robertson's report told you of the problems which have increasingly been confronting the banks since 1966. We found it necessary to hold a conference of thrift and credit banks in order to exchange our ideas, better serve and follow in the wake of technical progress in handling different problems. We have observed great change in methods of operation and I think we will find the answers to our problems in the reports made here.

- I want to repeat in Canada's name that we are proud to be taking part in this conference and hope to profit immeasurably by it.

Mr. HIJIKATA,

Director of the Central Cooperative Bank for Agriculture
and Forestry of Japan

It is a great honour to have been invited to sponsor this conference. It is also a pleasure and an honour to have the opportunity of addressing these few words to you.

As you certainly know from my report, the cooperative movement's history is almost one hundred years old in Japan. Throughout this period, we have developed our system as a whole. We have taken inspiration from the experiences and traditions of several friendly countries.

However, the Japanese cooperative movement is facing a number of difficult problems, more particularly in matters of financial problems. I believe these problems to be common to other countries and I think cooperatives should solve this problem through joint work. I sincerely hope to learn much during this Conference.

Mr. KLEINHANS,

Director of the « Raiffeisenverband ».

In the name of the Federated Raiffeisen Banks that are following the great tradition of the founder of the cooperative movement I want to tender the whole-hearted thanks of our organization. I hope that this conference will be very successful and bear fertile results.

Unfortunately we were unable to take part in the Jamaica Conference. I am all the happier, therefore, to be able to take part in this one. It was a real pleasure to hear Chairman Robertson's general report and to learn that cooperative organizations throughout the world, with some rare exceptions, are forging vigorously ahead.

So is our German organization. I will limit myself to discussing it, with your permission. You will have received written information relative to the Raiffeisen organizations in your folders.

It is a satisfaction to observe that cooperative banks in all countries have the same problems to face. At least temporarily they are similar. This makes it easier to deal with them during the present conference.

I consider it an innovation that we are currently working on a rapprochement between the two types of credit institutions in Germany : credit organizations proper and people's banks. We plan to fuse the two in order to have a single credit apparatus in Germany. In this way, we will not only be increasing our potential but we will be benefitting by technical innovations and progress in a more practical way than in the past. We will also be able to increase the quota of cooperative banks which now stands at 20 percent.

You must realize that competition is very stiff in German credit circles for in the Federal Republic there is no legal limit in banking matters. It is an extremely liberal regime and you will see that banks must be extremely competitive in order to survive and prosper.

OFFICIAL OPENING SESSION

The inaugural session of the conference is opened at 11 a.m. under the presidency of Mr. Joseph Fontanet, Minister of Labour, Employment and Population.

Mr. Joseph Fontanet Says :

It is both an honour and a pleasure to me to welcome you here in the name of the French Government, to extend greetings to all of you who come from so many countries and yet are all inspired by one and the same ideal, an ideal that is deeply alive in our land and among our people, the people of Laménais, Saint-Simon and Proudhon.

Your vast gathering, bringing together representatives from the most distinguished organizations from all parts of the globe is proof of the striking success of the institutions you have come here to represent.

During this inaugural session we shall be hearing orators of the highest quality, and I shall shortly have the pleasure of telling you in the name of the French Government how very much we appreciate your effort, and how we, for our part, are determined to help you in this work to the utmost of our ability.

I do not need to introduce the first speaker to you, for he is Mr. Pierre Lacour, President of the « Union du Crédit Coopératif ».

SPEECH BY Mr. LACOUR,

Président of the « Union du Crédit Coopératif ».

Minister of Labour, it is a great honour for us that the Government of the Republic has accepted to sponsor our Conference and delegated you to represent it at this opening session.

On behalf of all present, I would like to express my gratitude to the Prime Minister and particularly to you for having accepted to sacrifice a few hours the better to become acquainted with what we represent.

Allow me also to express my thanks to the French and foreign personalities who have kindly shown their interest either in attending or being represented at this meeting. I cannot name them all but I wish to express my gratitude.

Minister, it is particularly pleasing for us that you have been chosen to show the interest of public authorities with regard to us, since you are Minister for Labour, Employment and Population. First of all, because of your functions, you have the heavy task of dealing with all matters relating to workers, families and people who receive social aid. You protect and integrate within the social framework all those persons who, individually weak or threatened, need either in organizing solidarity or need public protection to live adequately and feel they are full citizens.

More precisely, it is these categories of men : workers, wage-earners, agricultural workers, fishermen, small tradesmen, people in liberal professions, on the one hand; the young people, the associations of families of consumers, of vacation homes, on the other hand, and lastly the poor people and those who could not adapt, all those who are economically vulnerable and who make up the preferred field of activity for mutual credit and savings as well as the overall mass of our society-members.

Following a constant wish to educate, cooperatives try hard to prepare their members for the full exercise of real civic duties, trying to make them active and thoughtful, capable of measuring the practical consequences of their acts and to translate into actions those generous thoughts that come from the heart.

But we also know how to draw up financial accounts. We drain a relatively important quantity of money and we are financial technicians who intend to manage these enterprises in a correct manner.

However, at the same time, we must not forget that our mutual aid groups, our cooperatives are first of all associations made up of men. Being simultaneously enterprises and associations, there lies their difficulty but also their strength and value.

This care for human values allows us to tell you, Minister, that it is also the man — the great-hearted man as well as the statesman — whom we wish to thank for having accepted our invitation.

We wish to congratulate the man who during a political career of more than twenty years, has always known how to maintain and respect both economic efficiency, as well as social justice and morality.

You have shown that it is possible to learn on these three principles. Your work at the Ministry for Commerce has promoted adaptation to the modern world, giving preference to competition over immobilism, and favouring the promotion of small trades through the cooperative development of retail trades.

At the Ministry of Health and Population you have among other reforms prepared the statute for cooperation between doctors; at the Ministry of Labour, you have efficiently set up a dialogue with the persons under your jurisdiction, as well as concertation and participation, which are at the very heart of the new society we must build.

In you, we recognize the Statesman who remains true to his principles and convictions and feels the constant care to organize modern structures that are both human and efficient. This is why we know that you understand our efforts, our difficulties, our hopes.

Savings and mutual credit organisms have been set up by men who cared and still care to harmonize their social life with their personal life but who, at the same time, were and still are practical men who know the price of money, the value of savings, the cost of credit. They know how to compute the cost of things.

Those are certainly less glorious virtues but certainly indispensable within the modern city. Whatever the political regime, present-day technique cannot do without economic calculation and without savings, whoever be the saver : State, company or individual. This is the basis for economic life, the basis for all investments.

One hundred years ago, to transform poor people into savers was Utopia. How real it has become; what heaven to transform developing countries !!

Minister, you know the figures relating to France : overall savings in cooperative and agricultural credit banks amount to some 33 billion new francs and belong to some 4,5 million members.

Allow me to add some indications on some of the organizations meeting here which sponsored this Conference : International Cooperative Alliance numbers more than 250 million cooperators, among whom 74 million credit cooperators.

CUNA International has received deposits of more than 51 billion.

Caisses du Canada-Quebec have received more than 15 billion. Japanese cooperatives : 37 billion and the latest figures are even more important.

The Austrian, German Federal Republic, Netherlands, Belgium and Italy banks exceed 50 billion francs. In all, more than 200 billion francs and more than 100 million individuals are represented here. Few multi-national economic bodies can boast of such an importance.

The task of this Conference consists in making all participants more aware of the fact that they are an international group. We must remember that to the personal friendship that already unites us can be added financial links. Already a unity of thought appears in the reports submitted. It is a very strong bond between all delegations.

In front of the upheavals, uncertainties, blind fear that trouble our contemporaries, the savings cooperatives and credit mutual societies contribute giving to all men, even those least-favoured, a means for education, a means for becoming a solid part of society. To individuals, they offer assurances as regards the present, hope in the future.

To all countries, and more particularly developing countries, they offer the new structures of the general interest economy in which structures efficiency and output are allied with the care for common good with a purpose to build a more brotherly world.

SPEECH BY Mr. D'ANDLAU,

Président d'Honneur, Confédération Nationale du Crédit Mutuel.

Allow me to associate myself to the welcoming speech just delivered by Chairman Lacour. We are particularly honoured and happy to welcome in Paris so many prominent personalities who have come from all over the world (India, Japan, African countries, North and South America, Europe) in all almost 25 countries.

Gentlemen, your presence at this Conference proves its international importance as well as the interest it raises, and has raised since it was first announced.

World organizations as prestigious as the United Nations, the IBRD, ALP and FAO and many more still have fully grasped its impact and have expressed the wish to take part in our work, sending their representatives among us.

I particularly welcome Minister Fontanet, who represents the French Government and I thank him on your behalf for his presence here.

Important by the quality and the number of the participants, this event is also important because of the subject under consideration : savings and credit cooperation as a basis for development. Nowadays, there are few themes whose impact is as deep and strong in every man's heart as is the problem of development, of promotion, of education and of progress. Thus, to mention but one example, a similar theme has been selected for the Osaka International Fair, since our Japanese friends have chosen to illustrate human progress through harmony.

I admire the fact that it is from venerable institutions such as the Raiffeisen, — whose one hundred and fiftieth anniversary we have just recently celebrated, — that comes this ardent wish for man's promotion and development. In this world where economic forces face each other, is it not our challenge as believers in cooperation and mutualism, to recall the irreplaceable value of service, of mutual aid, of education for the young ?

The speeches and reports of the following days will help us consider these problems more in depth and we wish to thank in advance all those who wish to communicate their experience and relate their achievements.

We shall also endeavour, and this makes me very happy, to give a constructive aspect to our proceedings, seeking more particularly the meaning we wish to give to the progress for which we work in this our world that changes so quickly. Does progress mean having more or does it mean a better distribution ? This, it seems to me, is the very heart of the problem of our times. Therefore, now will the cooperative and mutualistic spirit, ever dynamic and young, adapt to the realities of our century so as to meet the requirements of mankind and help men progress ?

This is the fascinating task that awaits us. It has been forecast for a long time it has been tackled at the Jamaica Conference, four years ago, and right now, we ... its urgency.

Someone has said : « We submit to time, but we make History!! And this therefore is the measure of our responsibility. »

Lastly, it seems to me that one of the most attractive features of this Conference lies in the links it will establish among us. We all know that the basic principle of mutualism is mutual knowledge. One hundred years ago, the homogeneous human group, the basic cell on our continent, was the small village. At the present time, it is certain that a world conscience is being evolved : it suffices to consider with what unanimity all the nations are following, with anxiety and pride, the strides of humanity in progress :

And here we are together, from all horizons, from all countries, our history and our traditions, and beyond it all, one common ideal, one common aim. The ambitions for progress, the means of communication, the thought diffusion techniques all invite us to unite. It seems to me that becoming aware of this unity is essential.

If we all bring the best we have, we shall strengthen this mutual knowledge and, as a consequence, deepen our mutual comprehension and understanding. During private conversations, various exchanges, study travels, new friendships formed, through all this we shall reinforce the feelings of solidarity that direct our activity the better to serve our fellow-men.

This, I think, is what each of us expects from this Conference. It is the very reason of our presence here. I am sure that the work done during the next days will bring forth plentiful fruit and in advance I would like to thank warmly each one of you.

SPEECH OF WELCOME BY Dr. BONOW,
President of the International Co-operative Alliance.

The International Co-operative Alliance is particularly happy to be one of the organizations sponsoring this international Conference on Co-operative Thrift and Credit which has as its theme « Thrift and Credit Co-operation as a Basis of Development ».

Ever since the International Co-operative Alliance Congress which was held in Paris in 1954, the Alliance has evinced growing and continued interest in everything that concerns the co-operative movement on a world scale. We have now adherents in every continent, and the various kinds or organizations represented within the Alliance cover all sectors of co-operative activity.

The idea originally developed at the International Alliance's Paris Congress has now resulted in the setting up of a long-term technical assistance programme wherever the occasion arises. It was then re-examined in 1957 at the Stockholm Congress of ICA. In 1958 some members of the Alliance's executive committee initiated and attended an Asian cooperative conference held at Kuala-Lumpur in Malaya. The ardent wish expressed by the co-operative organizations of South-East Asia on this occasion was to see the International Co-operative Alliance take the initiative in promoting cooperative education and training.

Since 1960, a Regional Office and an Education Centre are in action in South-East Asia. In the course of the last ten years our regional office in this part of the world, co-operating with co-operative movements in the area, has been responsible for organizing a number of seminars and courses, further-more for rather extensive research, publicity, technical assistance and trade promoting activities.

We in the International Co-operative Alliance are particularly proud that the seeds sowed in 1958 have grown and produced such fruitful results.

Similarly in East Africa a Cooperative Education Centre was started in 1964 on a modest scale, organizing working groups and supplying assistance and advisory services to the co-operative movements, as well as to Governments in this area in certain cases. An ICA Regional Office was only created in 1968. It has already become a strong centre for promoting co-operative development. We are now asked to extend our activities into the fields of research, publications and other fields of primary importance.

Our collaboration with Latin America is realized through the intermediary of our member organizations and the OCA (Organization of the Cooperatives of the Americas), with which we have a cordial relationship. Although Spanish is not yet an official working language, we have been able — thanks to the help given by our Latin American organizations — to issue an Edition in Spanish of our International Co-operative Review.

The world is split to-day in « the haves » and « the haves not ». This must be the concern of every thinking person gifted with common sense, as well as of every international organization.

There is a growing disparity, an ever increasing gulf, between the average standard of living in the developing countries and the industrialized countries. This does indeed constitute a menace to Peace and Prosperity everywhere in the world. I believe that the co-operative movement can offer an essential contribution to avoiding such disaster by supplying development instruments needed in certain fields and by encouraging a sense of social justice, which is an essential pre-condition for the harmonious evolution of a world society based on human dignity.

I sincerely hope this conference will mark a step forward in this direction.

Mr. Habib THIAM,
Minister of Rural Development, Senegal.

When Mr. Leopold Sedar Senghor, President of the Republic of Senegal, accepted your invitation and delegated his Minister of Rural Development to represent him, he wanted both to thank you for your kind invitation and to indicate his

interest in the problems studied by the Second International Conference on Savings and Credit. For us Senegalese, cooperation is one of the elements defining our national ideology which is based on our civilization values, negritude, and wishes to be both socialist and democratic.

Using President Senghor's words, this is a socialism « at man's height ». The Senegalese choice, and implementation of this choice, interest many people for various reasons. Thus we Senegalese often listen with surprise and astonishment to certain opinions learnedly expressed on our experience. We do not wish to stop anyone from having his own opinion on what we are doing, but we wish to avail ourselves of this opportunity in order to contribute some precisions.

For us, cooperation has been and remains a means to liberate the individual. It is too often forgotten that a cooperative is, in the first place, an association of individuals. This leads many people into believing that cooperation is State socialism, but the latter is an altogether different thing.

I have said : liberation of the individual. When my country became independent, the commerce of pea-nuts, main export production in Senegal, was carried out by « la traite » the trade or traffic. This actually meant that all marketing operations were carried out by trade organizations that had national and foreign traders as intermediaries. Even at that time, the public administration had to step in the marketing circuit in order to render more moral the trading practices of which the peasants were too often the victim because of their isolation.

With independence, it was decided to put an end to « la traite ». Helped by the Government, the peasants organized in cooperatives. Thus, campaign after campaign, they marketed first 20, then 40, 60, 80 and 100 per cent of the peanut crops. Putting aside the last three campaigns, a subject I shall come back to later, this means an average of 850.000 tons and a financing of the order of 24 to 30 billion old French francs. Credits granted by public banks, with a private bank as chief lender, approximated 95 %. The first objective, liberation of the peasants, has been reached. To consolidate the cooperative system, it was necessary to go into another phase : more responsibility on the part of peasants in managing their association. This implies a better cooperative education for the farmers. Bearing in mind that, although it is better off than most other African countries, Senegal lacks executives because of its under-development, we can stress how hard the task was. We probably were too quick in setting up cooperative bodies, since cooperative training had not followed suit at the same speed. Moreover, certain State organisms entrusted with liaison with the cooperatives, followed their own logic and created a whole bureaucracy, vainly trying to make their management profitable, even doing it at the farmers expense.

At that time, world prices registered a steep drop against which farmers were protected only as far as Government means made it possible. Moreover, a catastrophic weather condition unknown for the past twenty five years hit the country for three years running.

Because of this, peasants were unable to reimburse at a rate of 95 % as was usually done, the loans received for seeds, agricultural equipment and fertilizers. I repeat my statement, Senegal is a developing country and has therefore been unable to set up an insurance system against agricultural calamities that may hit the entire national economy.

This is a rapid and candid review of facts.

Interpretations have been numerous. Prophets were born, after the event. There

was talk of a crisis within cooperation. Some sensational feature articles were published. But what is really the gist of the problem ?

There is no doubt that the system set up did not always operate to the best expectations, either because of State structures, either because of deviations internal to the cooperatives, one chairman or one official changing the organizations into private possessions. But corrective action has been taken, and here are a few examples :

Refund was paid to farmers by a committee mainly consisting of Government agents. Nowadays, the sums are paid to the president of the cooperative, during a general meeting, after explanations and comment on the cooperative working accounts. Furthermore, each cooperator's account is kept separate, in order to provide better understanding of responsibilities. All this is important, but what is even more basically important is that Senegalese farmers have had to live actually through the negative effects of exchange term deterioration. While pea-nut prices dropped, the price for other products was going up : the price of agricultural equipment because of the increase in steel prices, and the price of fertilizers because of the decrease in subsidies.

Year after year, pea-nut growing was becoming less profitable. Together with the catastrophic weather conditions I mentioned, here are the true causes of difficulties met by our agricultural sector because, and we must confess to it, even if the internal structures had operated to perfection, the difficulties we have encountered would still have existed, for the above-stated reasons. Because of the very important drop in revenues obtained through pea-nut growing, farmers found it more expedient to switch their efforts to food crops. In this manner, they ensured their food supply. This is so true that, in spite of the unfavorable weather conditions, Senegal broke all existing records in food crops. In this sector which hardly enters the monetarized circuit, effects of exchange terms deterioration are not very important. And this is evidence, if further evidence were needed, that the true problem of our country lies in the deterioration of exchange terms. We cannot adequately ensure our development if, with every passing year, prices for products imported from developed countries are increasing, while prices of raw materials from developing countries exported to the very same developed countries are dropping.

This is the very problem, the very drama ! And it is on this battle-field that we wish to see all our friends fighting with the utmost energy, since it is upon that field they can best help us.

As soon as it became possible, President Senghor asked the Government to enact a series of steps concerning the price of pea-nuts, fertilizers, equipment, as well as operation of cooperatives and structures, steps that gave heart to farmers. We can only hope that weather conditions are good and that world prices do not drop once more.

Gentlemen, these precisions show in what manner problems examined by your Conference interest Senegal : we are living, with our **flesh and blood**, the realities of savings and credit cooperatives, adding to this one special characteristic : we are a country that can be ruined at any moment through a sudden drop of **pea-nut world prices**. We remain convinced that we do not possess a 'sesame' formula enabling us to open all doors. We progress through learning from our acts and from other people's acts. President Senghor used these very words : « It is only in the light of experience, in the light of our successes as well as

our failures in planning, that we shall be able, reformulating our socialism, to improve it in order to make of it a more efficient instrument for our development.»

We hope your work will be successful, so that we benefit for the fall-out of course, but above all else because we feel we are carrying out a converging deployment.

THE CHALLENGE OF THE SEVENTIES

Mr. ORVILLE L. FREEMAN

Governor of the State of Minnesota, former U.S. Secretary of Agriculture.

It is a privilege and a challenge to address this distinguished audience representing significant worldwide leadership in the co-operative movement of the world.

My purpose in coming here is to attempt to pinpoint with you an area of need and opportunity for constructive action by the Co-op Credit Union movement where you can make a major contribution to a grave problem which threatens the entire world. You men and women and the organizations you lead and represent have tremendous resources of capital and know-how. Your capital assets, using 1968 figures, total almost \$ 36 billion. Almost \$ 2 billion of this is in the form of reserves. In addition, you are proven and experienced leaders in the co-operative technique which provides the mechanism for participation by rank file people in solving their own economic and social problems.

I suggest to you that despite some encouraging beginnings which I will discuss, the co-operative movement has only begun to use the resources of capital and know-how at its disposal to help people throughout the developing world.

I hope that this great convention, before you complete your deliberations, will **resolve to take vigorous action** to better meet the responsibility that accompanies power and wealth and know-how in a very troubled world.

It is no secret that today's world is in crisis. Change in every aspect of human existence is reaching an exponential rate of speed. Destruction of man's environment through air and water pollution threatens our capacity for technological retrieval. The fragile balance of nuclear power is threatened by the development of multiple war heads and other scientific advances. Urban blight and racial discrimination are eroding the very core of the US and Western nations. The incredible disparity between the industrial and underdeveloped worlds is giving each a radically different concept of the meaning of life and threatening global strife and disruption.

The gap between the rich and poor must be narrowed, in the interest of rich and poor alike. Otherwise the world is clearly on a collision course.

During most of the decade of the '60s, it was my privilege to serve as Minister of Agriculture of the United States in the cabinets of John F. Kennedy and Lyndon B. Johnson. The major challenge of that period was food for people. The threat of world famine was ever present as population climbed at an unprecedented rate and the production of food per capita lagged behind. The active danger of serious famine, particularly in Asia in 1965, '66 and '67, is now largely forgotten. Because the developed world acted with decisiveness, famine was averted. Ironically, the herculean efforts that sent 10 million tons of food grain a year to Asia and prevented catastrophic famine, are today hardly remembered. Yet what was done was highly significant; the world demonstrated that it could act in concert to prevent the kind of famine that decimated Ireland in the 1890's and India in the 1930's. The food problem is still very much with us. A majority of people still are not enjoying minimum nutritional standards, but the threat of widespread famine has been averted, at least for a little while.

Finding food was the challenge of the sixties. Finding jobs is the challenge of the seventies. The babies who demanded food fifteen years ago are now demanding jobs.

Unemployment threatens to destroy our society. It has rapidly become the world's greatest social ill, as new resources still fail to reach those who need them most. More food will be produced. However, the jobless will still be unable to afford it. The numbers of individuals living off the garbage that they can recover in the streets is growing daily. As the numbers forced into such levels of desperation increases, the prosperity around them is more and more obvious. No society can remain stable under such circumstances.

Dimensions of Unemployment

Earlier this year, a study of employment problems in Colombia was sponsored by the International Labor Organization with the active participation of 11 agencies. This study reports that it will be at least fifteen years before any sharp decline in human fertility can take effect. In that time the labor force in Colombia is projected to rise from six and one-half million to eleven million. If the recent growth rate of employment continues, four million people will be left searching for jobs in Colombia alone. This means that over one-third of the labor force will be jobless in 1985.

Within Latin America recent statistics show the number of unemployed climbing from 2.9 million to 8.8 million, nearly tripling, in three years.

The level of unemployment in India is estimated to have increased from 11.4 percent of the labor force in 1961 to 15.4 percent in 1969. The decade of the seventies brings with it the prospect of more entrants into the job market than ever before, and little improvement in the prospective capacity of the economy to provide employment for them. Increasingly this will be a problem of unemployed, recently educated, young people. The number of youths entering the job market during the seventies is estimated at 165 million in India, compared with 117 million in the sixties. Unfortunately, a large share of the latter are still jobless. The only people likely to be more restless than students are recent graduates, now without job, income, or a sense of self respect.

Adding to an already dismal prospect, the classical definition of unemployment

— those seeking work at the prevailing wage rates — greatly underestimates the extent of unemployment because it does not measure the hidden or underemployment. For one continent, Latin America, studies have revealed unemployment equivalent rates ranging from 20 to 50 percent. For the region as a whole it was 25 percent.

Rural-Urban Migration

Another aspect of the unemployment problem is seen in the rapid shift of the labor force from the rural sectors to the city, which are becoming ungovernable seats of social and political unrest. The United States began the process of rural-urban migration several decades ago. A striking illustration was produced by the mechanization of cotton picking. Employment on farms in the Mississippi Delta, a principal cotton producing region of the United States, declined nearly 90 percent from 1940 to 1960.

The United States, one of the few major agricultural surplus countries in the world, employed only 4.2 percent of its total labor force directly in agriculture in 1969. When this figure is compared to the sixty to eighty percent employed in agriculture in many less developed countries, the potential impact on employment of the technological explosion in agriculture becomes ominously threatening.

Unemployment is a problem which must be solved in the countryside. Cities in most less developed countries are already badly over-crowded and it will take a long time for employment opportunities in the cities to begin to catch up with the number already jobless.

Agricultural Change — The Green Revolution

Unemployment must be viewed in the context of dynamic changes in agriculture. The inter-relationship of these two phenomenon — unemployment and agricultural change — must be thoroughly understood. The threat of unemployment looms heavily over all of the agricultural-based economies of the world. This unemployment crisis is occurring at a time of dynamic change in world agriculture. The Green Revolution, a shorthand expression used to describe the introduction and rapid spread of high-yielding cereals in the poor countries, is transforming agriculture on the land with adequate water supplies. These new seeds, resulting in a pronounced improvement in the food situation in Mexico, Pakistan, India, the Philippines, Ceylon and many other countries, may affect the well-being of more people in a shorter period of time than any other technological advance in history.

On the positive side, the Green Revolution is a magnificent achievement, bringing new hope and promise to the developing world. The global spread of the new wheat and rice seeds is phenomenal. Since 1965, some 40 million acres have been planted to the miracle seeds. They have increased production on the acreage planted by approximately 20 million tons at a value estimated at three billion dollars. The net income increase to the producer between the traditional and highyield producing varieties is dramatic. In Turkey, the net profits of farmers growing the dwarf wheats are two-and-a-half times those derived from local varieties; in Pakistan, somewhat more than four to one; and in India four-and-one-half to one. In areas where the new seeds make multiple cropping possible, the rise in income will be even more pronounced.

The annual increase in yield per acre where Mexican wheat is used in India

and Pakistan is more than double that which occurred in the United States following the introduction of hybrid seed corn since World War II. Total wheat production in Pakistan and India has increased more than 50 percent over the past four years. Ceylon's rice production has increased one-third in three years. In Mexico, cereal production has increased each year during the 1960's going from 495 pounds per person to 680 pounds.

To a former Secretary of Agriculture who increased domestic wheat acreage allotments twice in 1966, the second time in the face of vociferous opposition, because world food grain reserves were perilously low and another monsoon failure on the subcontinent of Asia would have triggered world-wide famine, the magnitude of the production break-through is almost unbelievable. I don't recall anyone who had an inkling, in 1966, that miracle seeds doubling and quadrupling yields of rice and wheat would be planted on close to 40 million acres in a few years. As a matter of fact, if one of my advisors, in or out of the US Department of Agriculture, had made such a prediction in 1966, we probably would have sent him for psychiatric observation. At no time in history has there been such a massive application of new technology in countries assumed to be dominated by traditionalism.

The Green Revolution and Unemployment

I have described the dynamism of the agriculture to provide a sense of the magnitude of change we are dealing with. Let us now examine the implications of this change for the world unemployment problem and what the co-operative credit union movement can do to help build employment in the countryside. The Green Revolution itself developed largely as a result of the food crisis of the 1960's. It must now be adapted to the employment crisis of the 1970's. A migration to the cities of labor in India, or even in Latin America, even approaching the level of change which occurred in the United States, would cause total disruption.

The Green Revolution sets forth both a promise and a threat to employment. The promise is to help check the rural-urban migration which is making « many great cities human trash heaps, the very opposite of the centers of civilization envisioned by the Greek philosophers » by expanding rural employment and purchasing power. The threat is that, should indiscriminate mechanization take place and the special needs of the small subsistence farmers and agricultural laborers be ignored, more millions will be added to the army of the unemployed, who will be driven into the already almost ungovernable big cities.

The United States, with its rapidly expanding technological development and large supply of natural resources, was probably the country best prepared for the impact of massive rural-urban migration. Nonetheless, the displacement of large numbers of people by mechanization is more responsible for the deterioration of the cities in the U.S. in the 1960's than any other factor. I have visited cotton plantations in the American southland where in one year the labor supported by the plantations dropped from 100 families to 5. Some describe this phenomenon as efficiency and progress, proudly citing per capita output figures. Such an evaluation fails to consider the human and social costs of 95 black families with nowhere to go. They or their children made up the rioting mobs who cried « Burn, baby, burn » in Detroit, Washington, Cincinnati, Cleveland and Los Angeles.

Indiscriminate mechanization could occur at an even greater speed in many

less developed countries today. On the Gangetic Plain in India, for example, a farmer with a fifteen acre holding can afford to sink his own tube well. A two-acre farmer can't. As a practical matter, groups of eight two-acre farmers in India have seldom pooled their resources in cooperatives on their own. Nor has the Indian Government constructed the wells for them. So they can't get water, and they become observers, not participants, in the Green Revolution. As such, they are potential migrants to the big city and tinder for revolution in the countryside. The ache of discontent and discrimination fueled by the village TV center and their own transistor radios remind them daily that their government, and society in general, doesn't care about them. Strong and determined efforts will have to be made very soon or else the Green Revolution will pass by the small farmers in most small countries.

The Promise of the Green Revolution

Conversely, the availability of credit, technical assistance and a proper combination of labor and mechanization policies could lead to more intensive farming and actually create higher employment in the countryside. Green Revolution holds a promise for greater employment if, and only if, a planned and effective policy of development is followed.

Wherever data are available, they indicate that the new seeds require more labor than the traditional ones they replaced. Farmers must prepare seedbeds more thoroughly, apply fertilizer more frequently, weed more carefully and use pesticides. All these operations require additional labor.

In Northern India and West Pakistan, where the high-yielding wheats are catching on quickly, seasonal labor shortages have been aggravated, forcing rural wages during harvest above the wages prevailing in the large cities. A survey cited in an AID report from New Delhi in 1969 showed that the cash outlays for hired labor needed to produce the new rices are roughly double the outlays required for local rices. A scattering of data from several countries indicates that total labor requirements, both family and hired labor, are from 10 percent to as much as 60 percent greater with the new seeds, depending on local growing conditions and labor costs.

A report from the AID mission in New Delhi, addressed to the effect of the new wheats on employment, concludes that the Green Revolution has definitely been employment-creating. In the Punjab (state of Northern India) there have been serious labor shortages during the April-June period when wheat is harvested, threshed, marketed and the summer crop is sown. Both non-agricultural and agricultural wages have risen remarkably. Mechanization is increasing rapidly, largely because of labor shortages. This development is borne out by experience in such countries as Taiwan and Japan, where, as agriculture modernized, labor requirements increased. Japanese and Taiwanese farmers now invest about 170 man-days in the production and harvesting of one hectare of rice, as compared with 125 man-days in India and 100 in the Philippines. But while more labor is required per hectare in Japan and Taiwan, less labor is required per ton of grain. Available data suggest that a similar situation occurs in Turkey, India, and Pakistan where labor used per ton of the new cereals averages perhaps 20 percent less than with traditional varieties.

Selective mechanization can effectively create more jobs. Irrigation is a case in point. Traditional methods of irrigation, using human or animal power, often do not supply enough water to meet minimum needs. More important, phenomenal

savings occur when mechanized water pumping is introduced. One study in India showed that it cost less to use draft animals than to pump irrigation water by hand, and it costs one-eighth as much to use a diesel engine.

As more water becomes available and production is boosted, more labor is required for land preparation, planting, fertilizing, weeding, harvesting, and threshing. When multiple cropping becomes possible, labor requirements may double or even treble. Mechanization of selected operations can overcome labor shortages during peak periods, raising the level of farm activity throughout the year. The conventional wisdom that all farm mechanization is labor-displacing and therefore undesirable in countries with large numbers of unemployed no longer holds. Selective mechanization can be employment-creating.

Once the availability of water and fertilizer permits continuous year-round cropping, then pressure increases to reduce the time between the ripening of one crop and the planting of the next. Farmers can no longer afford to leave land idle. A rice farmer in Asia who uses the new varieties faces a loss of thirty pounds of grain per acre every day his land lies idle between crops. That is enough to feed a man for a month. Armed with this knowledge, neither governments nor farmers can afford to leave land idle. And the more intensive the use of land, the more jobs that are created.

Taiwan provides good examples of how selective mechanization, combined with intensive land use, creates jobs. There, some farmers are growing three and four crops a year. Seedbed preparation is hastened by the use of Japanese-style tillers, comparable to the larger garden tractors used in the United States. Use of these two-wheeled, four to ten horsepower tillers reduces the labor required to prepare the seedbed, but increases the number of crops produced, creating more employment.

So, despite the fears of some, farm mechanization need not be an open invitation to social chaos. But it can be, if the benefits and cost of only the largest and richest farmers are considered. Farm mechanization can bring social disaster if it is not selective and if it does not encourage more intensive use of labor.

Those countries in which the farm labor force will grow the fastest in the decades to come, must be the most selective in the types of mechanization that are encouraged, and follow an aggressive program for agricultural reform.

Employment Creating Government Policy

There is no more urgent or difficult task facing policy-makers in poor countries today than that of fashioning policies that will encourage enough farm mechanization to sustain the momentum of the Green Revolution, but not so much that those who are displaced from the countryside overwhelm the cities. Recent sporadic outbursts of violence in India (hundreds of thousands of peasants marched to seize land in 10 out of 17 states from the government and rich farmers) suggest that the Indian government, for example, has not faced up to this problem.

The solution is to encourage selective mechanization and intensive cropping, both of which create jobs. The Indian government did this when, after 1965, it reoriented its rural electrification policies to give priority to areas with large underground water supplies. Providing electricity to these strategic areas created opportunities for using land and labor that would otherwise be idle. East Pakistan's removal of import duties on low-lift irrigation pumps was similarly well designed. However, these are but small beginnings. A wide range of price, investment, tax,

credit, and import policies must be properly orchestrated if the employment potential of the Green Revolution is to be fully realized.

Each country must analyse its own situation, identifying those activities which, if mechanized, would intensify agricultural production and create additional employment. Governments should then use all available policy instruments to encourage the mechanization of those activities which create jobs, while discouraging mechanization that is largely labor displacing. Policies governing farm mechanization may have greater influence on the distribution of benefits of the agricultural revolution than those in any other area.

Challenge to the Credit Unions and Cooperatives

I believe that the cooperative movement in general and the credit unions in particular can make a major contribution to shaping the Green Revolution so the world's growing problem of jobs of people can be mitigated.

First, you can help the public understanding necessary for constructive action. The 37,500,000 people you represent if informed and courageously led can be a powerful force in both the developed and the developing world. The need is great. To my knowledge, no developing country has yet faced the second generation problems of the Green Revolution in a systematic way.

At the same time you can launch a cooperative action program which will reach out to the small cultivator and farm laborer all over the world, bringing to him the organization, technical know-how, pride of personal participation, and the credit he must have to be a mover and not an observer in the Green Revolution. I need not mention to this group that credit properly managed is a powerful instrument for constructive change.

When I challenge you to action in this fashion I am not dealing in generalities or abstractions. Quite the contrary. I refer to a cooperative education, credit and technical assistance program for little farmers currently being carried forward with striking success in Latin America. With the backing of the delegates here and your organizations, this program could, in a short time, reach all over the world.

Let me explain. « In late 1964, a new type of production credit program was started in Northern Ecuador. It was designed primarily for village farmers shut off from sources of reasonable, reliable credit. It combines the best features of *cooperative credit* with *special training* for the borrower and *technical assistance* for the life of the loan.

« The new program was unique from the beginning. For example, villagers were told that no government or outside funds would be *given* them; instead they would have to start the new program by pooling their own resources and adding loan capital as crops were sold and loans repaid. They were also told that they would be expected to attend classes to learn about the new program and how to use it wisely; to learn about new crops and how to improve their old ones; and how to develop modest farm production plans. Participation was, of course, voluntary.

« At first, only 35 farmers out of a potential of 500 living in the area of Julio Andrade, Carchi Province, showed an interest in the new program, for participation meant many things : changing farm and family customs, following a new leader, and taking economic risks that might mean further hardships if the program

didn't work out. To the men of Julio Andrade such *change* did not come easily, even if the new program did have their Padre's blessings and church support.

« In time, however, a few villagers did change their minds and become a rather solid working corps. They decided to *work together* « to create a new way of life for themselves and their families ». Their *compact*, as they call it, is kept on the wall of their office-conference room along with photographs of the AID/CUNA Technician, a Peace Corpsman, and a fieldman killed while travelling from community to community explaining the program.

Directed Agricultural Production Credit : How It Works

« This *supervised lending program* is called Directed Production Credit (DAPC). DAPC has a balanced mix of credit for production, training for borrowers, and technical assistance for the life of the loan.

« *Production credit* is provided through the farmers own rural credit union, with provisions for supplemental capital to be fed into the program when it is firmly established. (Ecuador credit unions have since helped to organize and use credit from their own cooperative bank.)

« Farmers, for the first time, were to be taught how to develop and manage their own credit cooperative, select and use improved seed, prepare seed beds, use plant food and insecticides, change and diversify crops, select and care for good livestock and poultry and hopefully improve overall farm production and income.

« General production assistance, advice and encouragement were to be provided by the AID/CUNA technician, the credit union manager, fieldman and Peace Corpsmen, with the technical assistance on agricultural matters being handled by an Agricultural Extensionist employed by several credit unions of the area and the Federation of Credit Unions.

« The DAPC Program was open to all interested farmers of the area, whether land owners or tenants. It was production-motivated and production-centered-designed to help small, low income farmers become better producers and hopefully rise above the traditional patterns of subsistence agriculture of the area.

« In the beginning simple illustrations were used to help farmers understand and accept production concepts. For example, when a request was made for credit to buy a radio or other non-productive item, the applicant was shown the advisability of borrowing to buy three or four pigs, feeding them for 6 months, selling them, paying off the loan and then buying the radio or other consumer item from the profits. Farmers wanting medium or long-term credit to enter into cattle raising were advised first to make a 1-year loan to purchase three or four cows, sell milk, retain calves, and then fatten and sell the cows to pay off the loan. This enabled the farmer to start small, « learn by doing » and build his business gradually.

« In four years, 1965 through 1969, the small Santa Teresita Credit Union organized by the Julio Andrade group made 911 loans totaling \$ 212,000. By mid-1965, farmer interest in the *new type production credit program* at Julio Andrade and elsewhere in Carchi Province was gradually increasing. Momentum developed as farmers in the hinterland heard of it and wanted to become a part of it. In valley after valley, farmers were learning to use loans from their rural credit unions. With a good source of credit, advice, and encouragement from credit union fieldmen and the Agricultural Extensionist, they were soon producing

good crops and fine livestock — and increasing production each year. More recently, they have taken steps to establish co-operative marketing, supply, and insurance programs to help meet their production and marketing needs. New farm service programs and institutions are being developed for the first time — some in remote areas — and by the people who use them. They are definitely moving from their traditional patterns toward more intensive and improved agricultural production.

« It is doubtful if these village farmers fully realize that the major change taking place in their communities is not so much in the size of potatoes they are growing or the extra bushels of wheat they are producing, as in themselves. They are thinking, planning, and working together. They are becoming the « production agents » of a new program that is bringing changes to themselves and their community.

DAPC Program Requirements

« The in-depth requirements and disciplines of the DAPC program help make it the effective program it is. Specific requirements are made of each participant. For example :

« a. *There is a training commitment.* Village farmers must invest their *time* in it before they receive anything from it. Time is spent in class and in the field learning how the new program works, how it can help them help themselves, and learning about new technology in village agriculture. A training commitment is required of each participant. The training phase of DAPC programs familiarizes farmers with the purpose, plan and operations of credit unions and teaches them simple agricultural technology : how to use fertilizers based on soil conditions; how to use sprays; how to select proper breeds of chickens, hogs and cattle and how to care for them.

« b. *There is an investment commitment.* Participants must *invest* some of their *savings* in the new organization and commit some of their future earnings to increase its capitalizations. The principle of « compulsory savings » requires farmers to reinvest 10 % equivalent of each loan. They may invest more. This discipline helps members develop habits of thrift, accelerates mobilization of local capital funds and enables the local credit union to increase loan volume.

« c. *There is a repayment commitment.* Farmers, as both depositor and borrower, are made to understand loan repayment requirements. All loans are to be repaid and on schedule. When borrowers *use* and *police* their own funds this rule is much easier to enforce. Delinquency and loss from bad debts is not a problem in DAPC programs in Ecuador. DAPC credit unions in Ecuador are maintaining the established credit union tradition for very low loss ratios on loans to members. Many have no losses at all as yet.

« d. *There is a service commitment.* Members elected to serve as an official of the credit union or on a farm program subcommittee understand that they are expected to serve *faithfully and efficiently*. This type of service has helped many participants to learn and 'grow' in new program responsibilities. In some cases these new programs have produced leadership for other community organizations. Leadership growth is basic and indispensable in cooperative program development. Credit unions, like all cooperatives, must 'grow' and develop leaders. »

What I have just described to you is taken verbatim from a preliminary report prepared by Arthur Purcell formerly of the USDA and now with AID in Washington,

entitled « A New Production Credit Program for Increasing Village Agriculture in Developing Countries ». I highly recommend this report to you. CUNA Int'l Inc. under an AID/CUNA contract in cooperation with the Ecuador Federation of Credit Unions has fathered the exciting progress it outlines.

Such a program implemented worldwide would make a major contribution to solving the unemployment problem in the less developed countries. A modest commitment from the \$ 2 billion of credit union reserves would go a long way to provide desperately needed capital and could trigger outside capital worldwide. If you so decided, an international guarantee fund backed up by 1 % of assets (only a fraction of which would need be in cash) could guarantee such investment against loss, making it possible to meet the most rigid loan standards.

In addition to capital and technical assistance, such a program would make a major contribution to meeting a related problem of grave concern which threatens efforts to move desperately needed capital and technical and managerial assistance to the less developed world.

The importance of such a program is dramatized by an ominous development. At the same time as the Western industrial countries, led by the US as the largest donor, are becoming disillusioned with official government aid and turning more to reliance on the private sector and private business, and the great multinational corporations are becoming more enlightened in their policies of investment, the newly developing countries are becoming more antagonistic toward the private sector. The fear of exploitation by multinational private corporations feeds on poverty and misery and is whipped up by Castro and Mao. It is embraced by Americans who charge the US military/industrial complex with primary responsibility for most of the world's ills. Fuller and more imaginative use of co-operative and credit union techniques in the development of new enterprises would be an important answer to the rising crescendo of criticism and disillusionment in the less developed world. Clifford Wharton, Jr., President of Michigan State University, put it well in his commencement address at John Hopkins University in May of this year.

« The greater the involvement of peasant farmers in programs devoted to their immediate problems, the greater the effectiveness of implementation. Direct involvement increases the competencies of rural people to deal with their problems, thus making developmental efforts self-generating. Involvement gives the peasant an increased awareness of controlling his own destiny and eliminates the feeling of having plans imposed from outside. »

This then is what has been done in the CUNA/AID program in Ecuador. The participation of the small farmer, of the people themselves, in development efforts, becomes as important as the effort itself. It means the opportunity to seek and find dignity as human beings. Enlightened multinational private corporations recognize this need and are increasingly patterning their far-reaching investment and development programs accordingly. But the co-op credit movement with broad membership involvement is uniquely qualified to meet the dual needs of poverty and disillusion throughout the developing world. And it can be done under the rules of solid, safe, conservative investment.

In this way, small farmers and farm laborers can be given a chance to benefit from the Green Revolution, to stay on their farms, and to participate in the Green Revolution with new promise for the future.

I hope you will take action to meet this challenge before this great conference on cooperative thrift and credit adjourns. The world of tomorrow will be a better place for all mankind if you do.

ADDRESS BY Mr. Joseph FONTANET,
Minister of Labour, Employment and Population.

A manifestation such as ours, on account of its size and the pre-eminence of those attending, would alone already be striking proof of the success of your movement throughout the world. But, since the opening of this official session, we have heard numerous speakers contribute further proofs of this success, whether it be question of the technical results of your activities or of your intellectual and moral influence.

A little while ago, President Lacour quoted impressive figures showing the volume of savings collected by your institutions. He also outlined the general picture of the striking development in the implantation of your organizations in all continents. For his part, Mr. Andlau has shown how the intellectual and moral influence of cooperation and mutual assistance was making itself felt in a renewed manner through studies on co-operation which have led us to the discovery of present-day aspects of the question which were still unsuspected by us only yesterday, while participation of cooperation in the great technical assistance projects for developing countries have revealed how fruitful this can be in fields so far virgin and capable of yielding exceptionally rich harvests.

At first sight such success may appear surprising, since the ideals which inspire this cooperation are so much a consequence of generous XIXth century utopias apparently far removed from the principles of economic and social organization which have prevailed since, in some cases under liberal capitalism, in others under a form of State socialism.

The achievement of such success and the way in which it continues to assert itself vigorously have a deep significance. They reveal that the economic and social form of organization embodied in cooperation has its rightful place in modern society.

Admittedly, this success is largely explained by the moral ideal and the high quality of the men who were the founders of your movement or of those who succeeded them. But it is also due to the ability of your institutions to transform into concrete organizational form the ideas of fraternity, liberty and democracy which inspire you, for such a sense of values becomes rejuvenated as soon as the humanization of economic life and the realization of an effective participation become the major preoccupations of the men responsible for the evolution of our societies, whether it is a matter of societies in young nations widely represented here or whether it is a matter of societies in industrial countries.

In the field of thrift and credit which is more particularly yours, your achievements show how well the institutions on which they depend are adapted to the needs of our day. First of all, thrift and credit cooperation is unquestionably particularly well adapted to the needs of families and individuals in the banking field, for the essential functions of thrift are functions that it is of particular interest to fulfil in the world of today. This interest is that of public authorities who are always in search of more sources of saving in order to be able to face up to continually mounting needs for equipments. Now, thrift and credit co-opera-

tion is quite naturally the means of meeting these growing requirements in foyers, and in the field of equipments for local collectivities whose role in social and cultural matters is continually on the increase.

The savers themselves find a major interest in the formulas you offer them. If it is a question of their immediate material advantage in return for the effort they make as lenders, they can obtain a credit at a specially advantageous rate; or whether it be a question of their indirect advantage for, through their participation in your institutions, they acquire technical training in the management of their family budget which may become the source of a veritable renewal, so necessary to domestic economy in the world of today. Lastly, they find an unquestionable personal and moral advantage thanks to the practice of real economic democracy at the source.

The concrete example of your action in this particular sector of thrift and credit cooperation helps us to better understand the place and mission of co-operation and mutual assistance in the world of today. The yearning for democracy in the economic and social fields is not solely a desire for a fairer share in the fruits; it is also a demand for better participation by all categories of the population in responsibilities, and this corresponds to what a real human society should be : not a community or collectivity of a mechanical type, drawing its inspiration from a model or from a mechanism in which all wheels serve one central wheel, but rather an organic unit like that of a living being, in which each part has its share of autonomy while, at the same time, co-operating in the life and growth of the whole.

This has been well discerned by trade union and social movements which do not claim only material improvements and better conditions for workers but also their admission to economic powers. And I say « economic powers » in the plural intentionally, for it is evident that we have a whole collection of economic powers which, for this very reason, can be reduced and redistributed.

But this demultiplication of responsibilities requires the development of institutions which are able to incarnate and express the yearnings and projects of all categories of the population and to cooperate in their realization. And institutions like yours precisely fulfil these requirements.

Lamennais, in a prophetic and yet extraordinarily realistic text, already showed how an institution might be the means through which strength and efficacy could be conferred on a multitude of individuals who, left to themselves, would only represent a sum total of weaknesses.

« Why » asked Lamennais « are workers not able to borrow ? Because they only have their future labour to offer as surety. But, for this future labour to be a real surety, it will have to become a certainty, and to become such by association. The united responsibility of members will eliminate those causes of incertitude which lower the value of the guarantee and thus defer the loan. »

This, in admirable language, is a definition of the very principle of your ideal, and also of your efficacy.

Through cooperation you mobilize the financial resources of many who, singly, would have no means of using them, and you put these resources at the disposal of public or private investors whose projects correspond to the collective yearnings you wish to aid and satisfy.

In the fields of social action and collective equipments, as well as in new

fields where so much remains to be done, as in the field of leisure, it is through your organizations that funds coming from french legislation on interest shares can be administrated under conditions which correspond to your general objectives.

You are also training technicians, for accession to economic powers does not mean solely the acquisition of means but also the preparation of men capable of using such powers for the advancement of the final objectives pursued.

What is more, your institutions do not only offer members accession to this power of organization and decision which cannot be available to those who are too weak in our modern societies; you also enable many who would otherwise be excluded to attain the means and techniques of modern economy which often require large dimensions.

Thus we see that, following the lead given a long time ago by workers' cooperatives, the so-called « independent » professions overcome their natural individualism and then take on the form of group organizations to which your institutions contribute very considerable support : doctors, ministerial officials, for example.

You also assist those professions which very much desire to preserve for some members the sphere of the family for their work, this being in many respects so human and so adapted to the giving of individualized services, very precious to those who have recourse to their intervention. You permit these professions to organize so that such undertakings which remain independent may become competitive in face of highly concentrated competitors, and thus combine the effort to keep initiatives and responsibilities at the human level with the need to have available powerful means for adaptation to the new laws of competition.

This contribution made by cooperation and mutualities to a decentralized organization of economic and social life is not only an essential task for the promotion of man; it is also grounded on a certitude confirmed by the most modern of labour organizers and sociologists. For it is liberty together with joint responsibility which finally endow labour with a maximum of efficacy, since they mobilize to the utmost mens' capacity for initiative and creation.

Further, your organizations are faithful to the same inspiration when they accept competition with competitive formulas, convinced that all dynamic economy is founded on mutations and the confrontation of calculations by the units in action, on condition that they can confront each other equally armed.

Thus, your institutions today attain an exemplary value : collective yet private institutions, socializing economic power but preferring liberty, devoted to solidarity yet submitting themselves to the stimulating rules of the market, they contribute an original solution to the problem of humanizing economic life and participation. By this service, they are privileged instruments for the promotion of the values of collective responsibility, liberty and social democracy in the modern world.

In other countries with more realistic traditions, three schools of thought, liberal, socialist and mutualist each inspire certain sectors and certain aspects of our economic and social organization. We remain attached to this diversity, the safeguard of many liberties. In this matter the French voice is no doubt to be found in the coexistence of these three sectors which must be given equal chances, and between which there should develop, according to the internal logic of each sector, an emulation of the kind which will ensure progress.

What is true for us does not necessarily apply to other nations. For example,

problems in developing countries no doubt require other techniques. I am inclined to think, as you invite your rapporteurs to do, that new nations will find in co-operative and mutualist institutions, if not a panacea, then at least the privileged instrument of their promotion. And is it not an exceptional proof of the vitality and universality of your ideal that formulas which took their inspiration from concepts elaborated in our old societies come back to them after having been put to the proof under other skies? It is true that the world's foundations are shifting but the new ones will not be those that some thought to forecast scientifically. The great doctrinarians and pioneers who were the inspirers of your organizations have every chance of prevailing over the mechanicians of souls because they did not dissociate man from liberty and social justice.

POPULAR BANKS AND THEIR ACTIVITIES AMONG YOUTH

Mr. Emile GIRARDIN,

President of the Fédération de Québec des unions régionales
des caisses populaires Desjardins.

Upon several occasions I have been called upon to explain to different audiences exactly what school banks are in the province of Québec and the advantages of such institutions in educating youth.

The set-up which I will explain to you briefly is undergoing changes brought about by the evolution of our society as well as by changes in the school system itself.

Mr Desjardins, founder of the popular banks also organized a student bank in the Lévis schools from the very beginning. The purpose was to collect student savings and it was quite successful. Then it was forgotten for several years as the directors of the people's banks of the period were very busy setting up multiple banks.

Circumstances and perhaps Providence saw to it that I became particularly involved in the idea of student banks when I was still a member of the Catholic School Committee of Montreal. The president of the school committee at that time agreed that I should devote myself most particularly to this question, because of my previous experience with popular banks. After studying systems which existed in other countries we set up school banks that were perfectly adapted to elementary and secondary levels.

In 1948-49 we had deposits in the Montreal school banks amounting to \$45,000, and the following year this total had already reached \$330,000. It was obvious that these banks answered a latent need in our school children.

What was this need? Of course we had to make students realize the importance of savings in their life. Once they understood this, once they were geared as it were to savings, they cooperated enthusiastically and efficiently contributed to the working of their school bank. I attribute the success of this undertaking as of many others to the share of responsibility the students themselves assumed. They were permitted to count money, help make up statements and total the money collected. We even had the students act as cashiers.

You can readily see that the school bank was not a means of increasing the capital of the people's banks but an educational tool. Not only did it teach the practise of saving but how to take responsibility, how to plan for future needs and how to manage a certain amount of funds. This was by far the most important aspect of the school banks. Regardless of results in the area of deposits — and they were quite impressive as I will tell you shortly — it was the training of school children, the stimulation of good habits that counted.

The Granby popular Bank, one of our popular banks, made a study of its

depositors, a couple of years ago and tried to determine which of them had had school bank accounts in their youth. The results were as follows :

« 79 % of depositors questioned had school bank accounts when they were young. These same depositors were asked to list their reasons for opening an account at their local peoples bank. 41,7 % gave the influence of the school bank as their reason. »

This will demonstrate — and we have additional proof — that all the effort made by teachers, peoples bank managers and the students themselves in developing the different school banks was directly responsible for the development of future peoples banks.

Let me show some figures which demonstrate the annual progress of school banks in the province of Quebec.

1950	\$ 330.000	
1953	1,000.000	
1956	3,600.000	100 000 depositors
1959	4,520.000	
1960	5,300.000	
1961	6,258.000	
1962	7,245.000	
1963	8,048.000	
1965	9,519.000	
1966	10,341.000	
1968	11,520.000	
1969	11,774.000	

As you can see there has been a steady progression. However, it has been less rapid since 1968 though the total savings reach a considerable figure.

What has occurred is that the school banks have continued to grow on the elementary level but have run into some difficulty on the secondary and college levels. The system of education in the province of Quebec has undergone great change during the past few years. Secondary schools were formerly parochial but recently there has been a regrouping of all schools on the secondary level. Students travel great distances on school buses and have little time for leisure at school.

Furthermore, the homogeneity of the class has been somewhat destroyed by the breaking down of subject barriers. Students are regrouped according to types of study and constantly change rooms and groups. It is obvious that we should encounter difficulties in instilling on the secondary level an interest which presupposes group spirit and the help of one teacher for the advancement of the school bank.

We have, therefore, sought different methods.

Without in the least abandoning that spirit of responsibility and participation which was the basis of the school bank, we tried installing what we call counters in several of the school in this area. These are actually little branch offices for depositing savings set up with the help of the local people's bank. They have the advantage of being under the direct supervision of an employee of the people's bank. The hours are flexible and are set to coincide with the leisure time of the secondary students. We cannot say that this has proved a brilliant solution for the time being because of the great mobility of the students and the impersonality that prevails in big secondary schools at the present time.

We plan in the future to organize a program of economic education which is so necessary on both the elementary and secondary levels. This program should be put into effect next fall and will consist in teaching economics at the students' level of comprehension whether elementary or secondary. One of the practical activities in connection with this educational program will be the operation of a school bank or counter conducted on the level of the school.

The authorities of the Ministry of Education are aware of the fact that there can be no real economic formation of students without putting knowledge into practice by means of some such device. We are quite proud of this idea on which we worked since it is actually based on the same principle as the school banks which were in operation in the 40's when they were phenomenally successful, that is to say, the students are actually going to be participating in the functioning of their savings organization.

We have no idea of knowing what the results will be in general among the students but we feel that it is essential to the students' education.

Another avenue that we have developed in recent years and that promises concrete results in teaching students' savings habits is the setting up of real peoples banks for the teachers, actually on school premises with the collaboration of the teachers' associations. Up until recently this was not a very popular idea but with the development of teachers' unions there has been accrued interest in developing their own savings and credit organization affiliated with one of our regional Unions.

At the present time thirteen such teachers' bank exist in the province and promotion and education in this direction is constantly adding new depositors. These recent developments — the establishment of school banks or counters as practical exercises in economics, the organization of teachers' banks — have given rise to great hope of reaching the student population and instilling savings habits.

We believe that the teachers who use their own banks are more likely to transmit to their students their belief in the thrift and credit cooperative and to set the best possible example of economic practice.

Our first objective which is to work toward the economic formation of the young and to help them develop a savings habit for their future will be achieved by :

- 1) — our elementary school banks,
- 2) — our secondary savings cooperatives or counters,
- 3) — the understanding and encouragement given by teachers who themselves patronize teachers banks.

At the beginning of this exposé I said that society was changing and people's banks were changing as well. We must constantly adapt ourselves to new situations and we must use our imaginations in order to discover the most adequate means of keeping up with these changing needs. We hope that our experiences in this domain have been of interest to you and may give rise to similar experiences on your part.

YOUTH AND THE CREDIT COOPERATIVES

Mr. SCHLENCK

Director of the « Raiffeisen Zentralkasse Tirol », Austria.

Eighteen months ago, the agricultural credit co-operatives' working group gave me the task of making a more thorough study of the youth problem, more particularly with regard to our credit co-operatives. I have gone into this subject very carefully and have come to realize how far all of us are so absorbed by our own problems throughout our daily work that we neglect the problems of youth. I have also been able to judge how much precious time we have thus lost. We must admit that, generally speaking, we do not concern ourselves with this kind of problem. We have felt that we were above having to deal with such matters and, at heart, we have thought that this turbulent youth would calm down by itself. That is no doubt the reason why, within our credit co-operative organizations, we have so far hardly studied the youth aspect of the problem. All our past actions, such as those relating to schools' savings banks and credits for the young, were primarily taken for the benefit of the cooperatives. They were not undertaken with the direct intention of serving youth and solving its problems. And yet the young do have such problems to solve and here they need help from all of us.

When the Congress Sponsoring Committee invited me to speak on this question I accepted very willingly because I am convinced that, in the future, we shall have to adopt a much more positive attitude towards the younger generation, and to take up new ways and means. I thank you for having honoured me by asking me to talk on this subject.

Before going into the heart of the matter I should like to make a preliminary observation. We are always talking about « youth ». This term can be understood in its narrowest sense, i.e. the young from primary school age up till the age of 25 years or thereabouts, but actually we should also be thinking of older categories, especially when it is a question of persons who can be qualified as « progressive » in our society, as opposed to conservative generations. « Youth » is not so much a matter of age category as of attitude of mind and manner of behaviour.

By « youth » we understand the male youth such as has so often been present within our co-operatives. But today the number of women and girls is continually on the increase. More and more they are being integrated into the production process, the incomes they can dispose of freely are forever on the rise, and their importance is greatly enhanced when it is a question of investing financial means belonging to a whole family.

Consequently, when certain questions are being considered, women and girls must be given much more serious attention.

Further, we have to situate the young and define the place they occupy. Only twenty years ago, Europe was still rising out of the ruins of a second world war.

At that time hippies and the revolt of the younger generation were still unknown. The struggle for existence forced everyone into work for the fight to live.

Our society of today permits all who are « fed-up » or egocentric to subsist nonetheless. However strange it may seem, these people who make themselves conspicuous in our society could not subsist outside it, for it is this very society which ensures the existence of hippies and other young loafers.

We do not wish to dwell on these particular cases although they do constitute a dangerous symptom for our community, should they continue to become more numerous.

The young people who were born twenty or twenty five years ago, and who did not know the immediate post-war period consciously, are looking primarily for support to our society, and then for its meaning and content. In many spheres they find neither support nor meaning because their parents, superiors and teachers are hanging on to a somewhat patriarchal and outmoded conception of the world and, having put a painful past behind them, they are seeking material well-being without giving an ideal meaning to life; they are unable to give an example to the young in the spiritual and intellectual fields and with a view to the future.

To be sure, the young people of today differ from those of earlier days, but that does not mean that they are worse than their predecessors. They have to develop, prosper and make their own way; they are reacting differently in a changed environment.

Further, competition between the generations has resulted in a widening of the gap which benefits the younger people, a tendency which will continue and grow in the future.

Technical progress, the acceleration of rhythm in all spheres of life, the rapid growth of information as well as the quick changes in methods call for results, capabilities and adaptations which come more easily to a young person than to an older one. The young person adopts new methods much more readily; he has no old habits to discard. By very reason of his youth, he is psychically and physically more flexible, and that which is an advantage to youth is a disadvantage to older persons.

If we turn the specific capacities of youth to account, and if we offer them cooperation, collaboration and co-management in exchange, there will no longer be this tension.

Where do we stand as regards the domain of our co-operative credit organizations? Have we ever for one instant pondered as to why, in certain parts of Europe, there are young people who turn to other credit establishments and as to why, in the course of opinion surveys, young people affirm that our credit co-operatives are less modern than other banks, that we are much more rigid and patriarchal than our competitors?

Have we considered that these young people, on account of their number as well as the financial means at their disposal, represent a growing power, and that all our national economy markets are today living on this purchasing power?

Do we really believe that young people who mature earlier, who are better trained, better prepared, who assume their responsibilities earlier, who often marry and become responsible for a family while they are still very young, do

we really believe that they will find something valid in our traditional ideologies and in our simple thrift and credit methods for the young ?

What I am trying to say is, that we should not primarily seek out the clever means and initiatives through which we think we can win youth's adherence but rather that we should give very serious thought as to how our credit cooperatives could be made more attractive, more modern and closer to today's economic realities. If, during the coming decades, our credit cooperatives wish to fulfil their task fully and completely, they will have to abandon all the ballast of traditional ideas of servicing and forethought for the future and turn their thoughts to setting up a modern economic management. Traditional ideas, the aging or traditionalism of our directors, an over-exclusive orientation of our institutions towards agriculture and, above all, the inadequate training of our management staff and employees, are hindering our development. Further, our low profits, of which we have for many years been proud, considering them as a charge to be borne by our members, have prevented us from developing greater activity with a more competent staff, from making better advertizing than our competitors in towns and villages, in avenues and streets, and in the field of servicing; we are thus becoming less attractive than our competitors, who are challenging our monopoly more and more, especially in the rural communities.

We should therefore become more attractive if we want to bring and to keep the young people under our wing. This will require that we carry out the work of a modern bank and that we adapt ourselves to the needs of young people. In all markets today we have to offer results and goods, but the markets belong to those who are present on the market, who offer the best quality and who offer their goods in the most skilful manner.

I leave you to answer the question now raised : can credit co-operatives survive in such a context ?

Our credit co-operatives must become genuine banking establishments and make profits, in order to be able to meet all the needs of the future.

It may be that this requirement will subject us to the reproach that the objectives thus defined do not correspond with the aims of our founders. But I am of the opinion that it is practically a question of existence for credit co-operatives that they meet the requirements of our times, that they discover the needs of our contemporaries and take action accordingly. It is not a question of giving up the spiritual, ethical and social content of our co-operative ideal. It is simply a question of modifying the form of our efforts, as regards both internal and external activities.

We have therefore to give the lead in as modern and far-sighted a manner as that of the initiators of the co-operative idea eighty years ago, when they met the needs of their milieu in their times.

Only in as far as a change of this kind can be effected within our co-operatives will it be possible for us to get good results when we take up the problem of youth. Only at such a time will the younger generation, which is not limited solely to adolescents, rediscover the road to our credit co-operatives because we will be efficacious and capable bankers, and because they will then find themselves on a level with our objectives and our views.

With respect to the creation of this harmony and unanimity of ideas, it is necessary that we know what the young people expect from the older generation, from their bankers and various other institutions, in the economic field.

Three points of particular importance occur to me immediately : first, the young expect to be taken more seriously than has been the case in recent decades. They feel they have the right to make some demands since they start to work much earlier, and find themselves facing problems of existence and family responsibilities as well; they claim the right to co-management, since the age at which they have the right to vote has been lowered. The training of the young is now more precocious and rapid, and their view of the world is consequently original.

Secondly : collaboration and creative participation implies a sharing of responsibilities. Young people do not need to live in abundance. They even reject the society of plenty because they feel that a cultural and intellectual vacuum is hidden behind this plenty while the older generation refuses to listen to talk on such collaboration in as far as it is a question of collaborating on matters of training, creation or modification of the milieu.

The older generation wants to keep the positions it has and these men are quite ready to pay the price provided they are left in peace and are not required to quit their posts.

It is only thus that it is possible to understand why parents give too much money to their children instead of looking after them as they should. Further, we see why human society accepts provocation without doing anything against it, unless it be to make frequent concessions; and why the State, or more precisely the politicians, through laws and the lowering of the age at which young people may vote, are making concessions to youth so as to demonstrate how very much they are in favour of the young.

But this is not the right way to deal with young people; it is simply unconditional capitulation in the name of convenience and laziness.

The third point is that of education and training. The young man needs, just as he always did, to be advised by the generation that precedes him so as to be able to decide upon his own position in society. Families as well as credit co-operatives have the task of channeling the purchasing power of the young so that the latter may take the reasonable path, providing them in good time with the knowledge they need for the understanding of economic problems and helping them to acquire a proper appreciation of the values of daily life.

You will see from all this that our task extends considerably beyond the narrow scope of credit co-operative. Consequently beginning with our total commitment as co-operatives and our obligation to assist others, we must then go on to try and accomplish inforatory work for the young in both the economic and the political fields. This will be a matter, generally speaking, of arousing economic interest as a preliminary and necessary condition to youth's understanding our efforts as a financial and co-operative credit institution.

To this end we must strive, beginning with school-age youth, to organize school lectures by competent persons, as well as youth clubs and seminaries, so as to provide all young people with knowledge and comprehension in this field. Our credit co-operatives should enjoy the sympathy of the young as we shall be offering them democratic co-determination. Youth demands clarity, order and incorruptibility. We the co-operatives, can satisfy these demands perfectly. We have the chance of winning youth to our cause and of becoming the financial institutions which can fulfil youth's requirements. We must take advantage of this chance. We should have a strategy of advertizing, and it goes without saying that our advertizing and what we can actually achieve must harmonize, otherwise we shall lose our credibility.

Of particular importance for our future work is the adoption of thrift formulas suited to the young people, of credit actions which are adapted to them, which please them and which will prove to them that we are at their service for the finding of solutions to their problems. We shall give special attention to savings accounts for housing purposes (« épargne logement ») for the young. But we shall also have to give thought to short-term credits at consumption level for, these days, consumption credit plays a very important role indeed.

In the first place we have to inform and train the young with a view to improving their attitude with regard to thrift, banks and credit co-operatives. After that we shall have the constant task of putting our repeated achievements before young people for their consideration.

We shall have to approach the competent authorities in order to have permission to state our case in the schools and so as to have the fundamental principles of political economy taught in the faculties of all our universities. These principles should not be kept solely for use by traders, doctors and lawyers, and even specialists of natural sciences. We should manage to see that, in the political and economic science faculties and apart from general political economy, the subject of co-operation is also taught, seeing that the co-operative system in all its diverse forms, is coming to occupy an increasingly more important place in our economy.

In the future we shall carry out regular surveys among the young in order to be informed as to the image youth is forming of ourselves and on the results of our efforts with them. But if we are to learn what youth expects of us, we must not be mean about the efforts which will have to be made, nor about the expenditure we shall have to devote to new initiatives. It is by attacking problems that we shall gain the devotion of the young, and tomorrow we are going to need them terribly badly, both as supporters of our society and as co-operators in our effort.

In completion of my written report, please permit me to give you a brief summary of my ideas and requirements.

First of all, our credit co-operatives will have to be renewed in every way and will have to be adapted to the modern world. This renewal will have to be made in the human sphere, at the level of officials and management staff, at the political, commercial and managerial level, and in respect of the image of ourselves we give to the outside world.

We will then have to define our task, that is to say, the providing of new openings for youth as regards both the provision of general knowledge in the field of economics by means of an appropriate training, and specific assistance through appropriate actions and effective measures adapted to youth's needs.

In the third place, we must also harness ourselves to as wide a diffusion as possible in schools and universities of knowledge concerning co-operation.

Fourthly, we should examine the possibility of setting up credit co-operatives which will become youth banking organizations.

That is why the theme « youth » should not disappear from the agendas of our various regional, national, european and international congresses; it should become a permanent theme.

It would also be advantageous to set up appropriate youth committees which, on the European international plane, would take up the study of these problems.

Finally, at the European international level, co-operative propaganda and advertizing would be of a supranational or multinational nature.

Fifthly, youth seminars, youth clubs for those who have passed the school age, actions for the young, advertizing for the young and surveys among young people should all enable us to have permanent contacts with them.

Through my written report and the indications I have just given you, you now know what fundamental ideas I am defending. All I want to do is to get your understanding and goodwill in favour of the efforts now to be undertaken for youth.

In June, the working group of which I have spoken dealt with the problem of the young and with the initiatives to be taken on their behalf in the future. I have the honour of being chairman of this study group which remains in very close contact with national european co-operatives.

Co-operation is at one and the same time an end and a means. Co-operation signifies making a joint choice to follow a certain set path.

Youth has, quite unintentionally, stirred us up and put us on our guard. Now we must take all necessary measures without delay with a view to being ready, both internally and towards the outside world, to meet their needs ; otherwise they will be met by other people. Let us not be satisfied with vague discussions on youth's problems; let us make every effort to assist them so as to help ourselves and render service to the people of our continent, still beset by many problems and faced by a somewhat uncertain future which will be the future we deserve.

THE THREE PHASES OF YOUTH OF LIFELONG EDUCATION IN COOPERATIVE ECONOMY

Mr. DESROCHE

Director of the « Collège Coopératif », France.

It will doubtless be a penance for you to have to read the 25 page report that I submitted. I do not want to add insult to injury by discussing the same subject again at length.

I will limit myself simply to summarizing and presenting the various themes that I tried to develop in my report entitled « The Three Phases of Youth of Lifelong Education in Co-operative Economy ».

Having been asked to present in the course of this conference a report on credit

co-operation, the future and youth, I had to remind myself that although I am not an economist and no longer young, I am, I was and will for some time be a teacher of lifelong education in France's co-operative college that has been in existence for the past ten years and assembles around me about one hundred young people every year from some forty countries or those hoping to go to them.

If I had to illustrate this report to summarize it, I would turn to two or three quotations and in order to be international and intercontinental I would choose a Chinese proverb, the words of an American economist and those of a French poet to conclude.

The three phases of youth that I tried to describe I call as follows :

- the youth of our members
- the youth of our companies
- the youth of our nations.

I. *The youth of our members.* We have already discussed this. And since I am a teacher I will use the Chinese proverb to illustrate the development of the youth of our members : « If you are planning for a year, plant rice; if you are planning for a hundred years, train men. »

I believe youth is knocking at our door. Youth all over the world is knocking at our door, sometimes violently and insistently, sometimes in a way which is troubling. It is knocking at the door of all co-operative developments and especially at the door of education that these co-operative movements can offer it or with which these movements must associate themselves.

As you know, great changes are taking place in the field of education. We are abandoning classical education more and more for what UNESCO calls lifelong education. This means that instead of going to school for part of the year and then leaving it for good, one goes to school all of one's life, not in a school building but in a combination of professional and academic training, of study and work, of culture and production. And we, the professors, educators and promoters of education feel this as a very deep-seated change.

The youth of our members presents three problems to the co-operative movement. The problem of *co-operation in educational systems* : our chairman just recalled the admirable example of the Desjardins banks, of popular banks within schools and universities. These constitute children's or school co-operatives, student co-operatives and even teachers' co-operatives or any other type of co-operative attached to lifelong education institutions.

Several people have already pointed out that this is a splendid card for the co-operative movement to play with respect to reform in teaching methods, not only in creating credit institutions but in making school and university banks the basis of co-operative development and for the introduction of co-operative activity into the educational process proper.

Another problem is that of *education within co-operation*. I have participated in many such projects in many countries and have founded numerous colleges or institutions promoting co-operative education and believe that I am in a position to say that there are four different populations involved in co-operative education : the group constituted by members, the oft forgotten group of the administrators, the technicians and the employees. Four populations amenable to promotion, training, re-education or as they say in some Latin-American countries, to « conscientization ».

The last problem dealing with the youth of members : the *alternation of lifelong education and co-operation as practiced*, whether this be by inserting period of professional activity in the educational phase or educational periods in the professional phase.

II. *The youth of our companies.* From the stand point of the position of the credit co-operatives themselves, I would like to illustrate my views with the quotation of the American economist, Rostov. The quotation has particular significance coming from an economist : « Whatever new perspectives are revealed by an empirical investigation of the motives impelling men to take constructive initiatives at the inception, one thing is certain and that is that these motives vary greatly from one society to another; and it very rare if ever that these motives are discovered to be purely materialistic. »

What are the actual motivations of young companies ?

Since we are looking over this panorama from the balcony occupied by credit co-operation, let us ask ourselves something about other kinds of co-operatives, those of groups of young farmers, those of groups of young workers and young consumer groups.

What are these motivations ? Where are they going ? To what do they aspire ? These seem to me very important questions and indeed an American economist has said they were questions of primary importance. I questioned some of my students before this conference and I put what I was able to glean into my text.

1) Youth in the agricultural co-operative is becoming crystallized, developed, is making its way in micro-co-operatives that generally share farm machinery, or in technical agricultural study centers or groups of farmers who work together. Micro-co-operatives — a very erudite sociological analysis has just demonstrated this in France — are the mortars of cooperative vitality. What is true agricultural co-operatives is true of all others, when a co-operative company grows in stature, in complexity, in refinement of technique, it tends to lose in social vitality. The Birmingham investigation demonstrated this in the case of consumer co-operatives and it has also been demonstrated in other kinds of co-operatives.

To get its second wind, social vitality has to develop in the micro-co-operatives that are growing, as it were, beneath the great service co-operatives. You must read the statements of young co-operative farmers that I inserted in my report.

2. *Youth in labor co-operatives.* This morning, Minister Fontanet quoted Lamennais and used Saint-Simon's name. It pleases me greatly to return to this mention of Saint-Simon, one of the patriarchs of French associationism, I would even say of credit co-operative associationism since, as you know, Saint-Simonites were men who distinguished themselves in banking foundations. All this dates back to the time when co-operative associationism under the banner of Saint-Simon cornered all the young people of our higher schools particularly, the *ecole polytechnique* in France. The memory of this must make us somewhat nostalgic for Saint-Simon's project to further the industrialization of credit and the accrediting of industry, if you will, in a worldwide program encompassing all men or all of man.

I would like to leave some time for one of our colleagues who has come from Spain for he has had very special and spectacular experience. We can see magnified, as it were, the way in which credit has been industrialized and how an industry has procured credit in a regionwide development program that of Montdragon that I discussed in another report. This is a case where about forty

factories are grouped together under the aegis of a co-operative bank, collecting and mobilizing the entire savings of the region and financing its self-development through production and farm co-operatives. All of this over a period of seventeen years started by a team of young staff members who came from the ranks of educated youth.

3. Youth in the consumer co-operative is a particularly important chapter since, as we know, it is the consumer co-operative that is most developed classically in Western cultures. This is the branch which is however, the least developed in the third world and I would like our Canadian colleagues to discuss in greater detail some of the youth experiments being carried on in consumer co-operatives and especially in family economy co-operative associations.

III. The third panel of my triptych has to do with young nations which are a subject of particular interest to this conference. I would like to put two points in the form of a question.

We congratulated ourselves this morning upon the count of seventy million credit co-operators in the world according to the statistics of the International Co-operative Alliance. If we examine these statistics closely — and they are fortunately or unfortunately the only ones available for our study — we will see that on the other hand, this population is very unequally distributed throughout continents. The unequal development of the co-operative follows in the wake of the unequal development between continents and nations period. The inequality is at least from one to ten if we accept our members' figures; if amounts to perhaps one to a hundred if we compare the rate of transactions.

Obviously there is a great inequality which is not disguised by figures. These seventy million credit co-operators cannot disguise this fundamental inequality which is also a cultural disparity.

In closing I would like to call your attention to the necessity for us, for you who are managers, responsible for co-operative development, to arm yourselves with a system of knowledge, of familiarity, of diagnosis, of discovery in depth of the originality of the cultures in which we intend to implant co-operative ventures. These, it is true, have been exposed to, have been tested by a century of western tradition but now need to be reinvented in new and untried forms adapted and suited to the new cultures of these nations. We cannot export co-operative mode imbued with western and European prejudices.

I am certain that if many co-operative experiments in young nations are either still being incubated by government institutions or are in the cemeteries of national culture it is because we have not yet found, invented, the original models needed by these cultures.

After ten years of questioning hundreds and hundreds of students, of working with young people from all over the world and their problems, their worries, their new contributions, I think I know what I am talking about.

I do not want to end on a pessimistic note, however. All the less so that I still have my third quotation, that of the French poet, to give you. It is a quotation of Victor Hugo's and was proposed by a student native of Volta, in an examination I was correcting. This quotation from Victor Hugo alludes precisely to this disparity of cultures, the disparity of nations, of worlds which are often as different as black and white. It suggests a program and sketches a hope : « You are white, I am black; — white as the day, black as the night, but the day must couple with nighttime to give birth both to dawn and to sunset that are even more beautiful. »

Mr. GALVONIO

Spain

The amiability of Mr. Desroche, who asked me to take the floor, has been such that I feel compelled to talk to you of our problems for a few moments.

Actually, our experience is rather modest when compared with the important achievements mentioned on this rostrum.

Our co-operative movement started in the Basque provinces, in 1965. Immediately after the Civil War, we managed to gather together some fifty workers production companies that manage their undertakings in a co-operative manner. We are represented in various sectors, and for instance, in the household appliance sector, we rank among the most important companies of our country.

More than nine thousand works belong now to our credit co-operatives and we reach the most diverse sectors of the household appliance industry.

Apart from industrial co-operatives, we also have agricultural consumers' co-operatives with some ten thousand members; agricultural production co-operatives as well as service co-operatives and also fishing co-operatives. In all, twenty thousand co-operators.

We send out messages to young people in our cities and villages.

We have stressed our community, the community of towns and villages, of provinces, and of citizens or all provinces, in order for co-operation to become a reality through our credit co-operation, so that it will be able to collect the capital necessary to start our industries.

These credits have enabled us to create means for work. Up to now, we have been able to invest up to 400.000 pesetas and 265.000 pesetas through an intermediate body for industrial progress and promotion.

The leading position occupied by industry within our co-operation is the result of the economic context in the Spanish Basque provinces; the income of these provinces include 65 % industrial output and the existence of industrial co-operation is mainly responsible for this situation. We have remembered an old Chinese proverb saying that « to create is more important than to possess ». To act is more important than to acquire and progress is even more important than domination.

I wish to thank you for the honour you have extended me in giving me the floor for a few minutes.

THE ROLE OF CREDIT COOPERATION IN THE PRESENT ECONOMIC AND SOCIAL CONTEXT

Mr. LEHMANN

Crédit Mutuel de Mulhouse, France.

The reports you have heard up to now and those still to be delivered on the subject that is on this afternoon's agenda are sufficiently interesting and documented that I may simply refer to the report I have forwarded to you, without there being any need for any wider comment.

Mr. Fontanet has insisted on the co-operative values that are set above the values of economic demand, and more speakers have expressed the same concept.

As for me, I believe that what is important — and I would like to gear on what has already been said on the subject of mutual credit, co-operation, and their relation with youth — the important thing is to draw youth to be interested in our problems and offer of our problems a young or at least a younger image.

It is one thing to be convinced of the value of co-operation and mutualism and quite another thing to make these values attractive to the young.

Personally, I believe we must find among the young people those generous persons that are seeking work, as they have been aptly described by Professor Piètre in his recent book « La culture en question » (The culture concerned) I personally believe that we must find young persons who are likely to become interested in our problems in as much as — and this important — we are able to win them over to our cause.

There are several means to reach the young. Some have been mentioned : school savings banks, scholarship co-operatives, example set within our own organizations, the position we shall afford the young in our own ranks. And above all — and this I believe to be the most important — the image we shall be able to project. I think that a Conference such as this one, with its important repercussions in the press —, if only in our trade press, is of a nature likely to give rise to new spirit of devotion, which we absolutely need in order to win over to our cause the new generation that is so very necessary.

May I seize the opportunity to express my congratulations on the good organization of this international conference. I had the privilege and the pleasure to be present at the first conference, held in Kingston, Jamaica, and I have found here several friends whom I had first met there. I am happy to note that in the meantime the number of participants has become at least three times as big. This is an excellent sign of continuing progress. It is said nowadays, that we are on the way to socialization, that the human race is gathering in ever more numerous societies. I believe that cooperative groups are among the most interesting, the most instructive. We are also on the way to planetirization.

I believe that the present Conference will give an extremely interesting and original image of this trend of the human race, and I also believe we are going towards profit, towards service, and that, as we go, we shall pass from the art of receiving to the joy of giving.

YOUTH AND THE FUTURE

Mr. LAMARCHE

General Manager of the « Fédération de Montréal
des Caisses Populaires Desjardins ».

I have prepared a synthesis which I am not going to read to you at present. I am simply going to mention certain aspects of it.

First of all the title : youth and the future is a redundancy for how can one think of the future without thinking of youth ? As I am one of those responsible for suggesting this theme, I must in all humility admit that, though we were intellectually in agreement on this subject, we should have invited some young people to participate in our work. That we did not is proof of how difficult it is for encroaching age to get close to youth.

The second remark I want to make relates precisely to the absence of young people in our cooperative institutions. The founders of cooperatives and those who have followed in their wake have left a heritage. This might be compared to the heritage a father leaves his children, a heritage that is even more valuable in that it is adapted to the changing conditions of a society that is perpetually evolving.

When we speak of integrating the young in our co-operatives, we mean two things. First of all we, the older, should be available to discuss matters with young people. We must not impose the co-operative idea we have built up but simply show them what we have done and allow them to decide if there is anything of value in the co-operative idea and what should be eliminated, what retained for the society of tomorrow. All other problems relative to the evolution of our co-operatives must be similarly treated. This is the only solid basis for our institutions of the future.

THE ROLE OF THE CAISSES POPULAIRES DESJARDINS UNDER PRESENT ECONOMIC AND SOCIAL CONDITIONS

Mr. CHARRON

General Manager of the « Fédération de Québec
des Unions Régionales des Caisses Populaires Desjardins ».

I have been asked to speak to you about the role of the Caisses populaires Desjardins under present economic and social conditions. As you have already received the report I wrote on this subject I will not bother to read it to you.

Mr. Emile Girardin, President of our « Fédération de Québec des Caisses populaires Desjardins » has addressed us on the subject of the education of youth and their integration into the co-operative movement and Mr. André Lamarche, Manager of the « Fédération de Montréal des Caisses Desjardins », did so as well. I will recall rapidly what the caisses populaires Desjardins actually are, their stage of development and what we do. I will share our preoccupations with you by virtue of the fact that the very theme of this conference is co-operative thrift and credit as a basis for development. By this is meant man's development in every respect. The drama of our present-day world is that of imbalance in economic, social and moral development. Minister Fontanet alluded this morning to social justice and the human aspect of economic co-operation. This is why the International Co-operative Alliance is multiplying its efforts to intensify economic development by co-operation, a modern co-operation compatible with our scientific society and identified with the cause of peace. Thus economic, social and moral development of man become synonymous with peace. Peace will only be assured when we will have succeeded in the harmonious development of man by progress and equilibrium throughout all nations on all three levels.

Alphonse Desjardins, the founder of the Caisses populaires understood this when he patterned himself after Raiffeisen and Schultz-Delitsch. He also borrowed certain ideas from American mutual banks which had been very successful in New England states but which were not actually popular thrift and credit co-operatives. Mr. Desjardins was inspired by the movement that reformed the French savings banks in which French peasants and artisans deposited their savings. Nevertheless, many peasants and artisans in France were the prey of usurers precisely because they had not been successful in obtaining, through regional meetings held throughout France, French legislative reform of the very wealthy French savings banks necessary to make them into thrift and credit co-operatives, institutions in other words, of which French artisans and peasants would be both owners and customers.

Co-operation appeals precisely to the impulse in all individuals to create institutions in their own image which actually belong to them and answer their specific needs.

This is the reason why Alphonse Desjardins conceived of the idea of his peoples co-operative thrift and credit bank. Co-operation develops the sense of personal

and social responsibility, in other words, solidarity; a sense of thrift, of foresight, of personal participation, of self-confidence and trust in others, of mutual aid, in a word.

Co-operative thrift supplies credit and teaches its good usage in order to assure unity and equilibrium within the institution proper and to answer the personal needs as well as the community needs of its members.

Co-operation is a human revolution in the use of human energy to build enterprises in and for peace, in transforming our world. It was begun in 1848 by Raiffeisen and Schultz-Delitsch and taken up by Luzzati, then in 1900 by Alphonse Desjardins who adapted to our North American context this institution desirous of being a truly popular thrift and credit co-operative, in which owner, user and beneficiary are one and the same and whose outlook is economic and social as well as moral. Such an institution is in itself a commonly owned property in the interests of its participants. This formula is all the more necessary in that it calls upon the participation of citizens, appeals to their moral and social sense, to what is best and most powerful in them to solve their economic problems together, assuring the necessary equilibrium in man and in society. Co-operation is the thing that is going to save the world.

We have today in Quebec that has a population of almost 6 million French speaking Canadians, a popular, well-structured movement made up of 1300 popular banks federated on the regional and provincial levels which have founded insurance and fiduciary institutions and an institute of professional and technical training for their personnel and administrators, for the permanent education of their membership; all of this to encompass and strengthen the families who made up the first co-operatives. This movement has 2 1/2 million members and possesses assets of 2 billion dollars.

I will not go into the economic and social picture of Quebec. Those of you who are interested in knowing something about it, can read about it in the brochure that contains the complete text of this report. Let me content myself with saying that Quebec society is one of industrial production, an urbanized consumer society with all its problems.

I will instead tell you what we are doing, what are our current preoccupations and what problems we have to face.

One lacuna we have to fill is that of an effective savings policy and an investment policy to create industry and make for employment. In Quebec we have a great deal of unemployment; work has to be created. This unemployment has created a disadvantaged class. Canada, like the United States, is a society of abundance and consumption nevertheless 20 percent of the population occupies what I refer to figuratively as the basement of the social house we live in. This underprivileged 20 percent of the population worries us. We have our under-development problem. The popular banks with roots in the people must concern themselves with all the people and especially those who most need them.

The basic principle of the Caisses populaires Desjardins is that of the solidarity of all the citizens of a community so that the richer may come to the aid of the poorer. This is co-operation in justice and charity within the bosom of the community. This is the principle of human solidarity that constitutes the effectiveness, the strength for moral, social and economic renewal in a people determined to assume its responsibility. This is the basic principle of co-operation and if we go to such pains to emphasize it, it is because the spirit of co-operation and parti-

cipation is the yeast that is going to make the dough rise, that is going to transform individuals from within and that, by well ordered and active participation, will make for real progress.

If we give men adequate professional and technical training which is the responsibility of institutions and the government, and if we succeed in educating them in the field of consumption, we will have citizens capable of making their own decisions with appropriate behaviour. In our industrial consumer society people are constantly bombarded by mass media, commercial advertising and they no longer understand the society in which they are living. This is one of the reasons why we are preoccupied in training the population for the consumer society so that people will assume their responsibilities and act accordingly, living within their means.

But it is not enough to have prosperous and effective institutions from the economic point of view alone; they must also be socially and morally effective. Hence the necessity for taking steps to obtain intelligent and enlightened co-operation, on the part of the people in co-operatives. We must convince people that the co-operative formula is the one that will really assure their personal well-being and that of their community. In our modern scientific and socialized society where citizens are interdependent and where the State has a bigger role to play, we must strengthen the citizenry with more appropriate and advanced education if we do not want the masses to become generally irresponsible, bringing about the worst social disorder. Hence the vital necessity for enlightened participation, for motivating citizens who want and demand the reasons for things.

You have certainly noticed that in our modern industrial society that has produced the consumer society, modern commercial advertising has developed in man an enormous appetite and impatience to enjoy immediately all the comforts of life.

People contest because they want to understand the reasons for what is confronting them. Our members are demanding in regard to their own institutions and for those who have accepted mandates from them. This explains the necessity for providing more advanced training for the directors of our institutions, for having more and more competent personnel to anticipate the needs of and serve customers, in other words, a staff thoroughly imbued with the spirit of the institution in which they work.

Our membership must be increasingly enlightened as to the objectives they themselves are pursuing so that they are correctly motivated. This is of the utmost importance if we really want to integrate our membership in their co-operative institutions and integrate their institutions in the society they are called upon to serve.

Co-operative institutions have the particular advantage of infinitely multiplying individual strength. In this lies the power of co-operation, and our co-operatives will be called upon to play a larger and larger role in society in proportion as the role of the State becomes more important.

This is what we must inculcate in our members and particularly in youth which is the society of tomorrow.

SYNTHESIS

Mr. DESROCHE

Directeur du Collège Coopératif, France.

The word « synthesis » is a big one to describe what can only be a quick improvisation on my too fresh memory of speeches we have heard and reports that have been made on the questions dealt with this afternoon : the role of the credit co-operative in the economic and social context of today particularly with respect to youth and the future.

Someone said that there was a tautology in the double use of the terms « youth » and « future » since the future is youth and youth is the future. In order to clarify, let me go back to this diversity of youth I described in my own report and, in the few conclusions I am going to present I will deal simultaneously with the three categories of youth I mentioned :

- young members,
- young groups of companies,
- and young movements in young nations,

These are all different but all forms of youth and I do not refer simply to biological youth for there are old young people and young old people; there are wise old people and crazy young ones just as there are wise young people and crazy old ones.

What are the prospective relations of the co-operative movement in general and of credit in particular with youth at large and again with the three categories of youth just mentioned ?

I. First point : the co-operative movement as *taught to the young*.

Several speakers have emphasized this and have divided this teaching into periods : from the infancy phase to that of the young student and even his professors. This is a whole domain with which co-operation in general should be concerned and especially credit co-operation.

How is this teaching done ? We must all examine this question.

Mr Girardin showed that from school age on the co-operatives could reach this school population and not only teach co-operation didactically but practically in the form of a kind of initiation.

We must not forget university training which is of the utmost importance. This was discussed by one of our German speakers and was the subject of considerable investigation by a Canadian professor in relation to co-operative training in universities throughout the world. My report and others allude to this study. Beside this study of university training in co-operation throughout the world, we should also have a study of credit co-operation.

II. Following the subject of the co-operative as taught to the young, it seems to me that second question to arise out of our exchange is co-operation *as practised by the young*.

Practised in the form of the credit co-operative, as Mr. Girardin emphasized in his report. It can also be practised in the form of productive co-operatives as for example on the agricultural youth co-operatives in Israel or in the form of a student association like the Mondragon group we heard about a little while ago. When I myself had the occasion to observe these experiments in schools set up by co-operators for co-operators I found that co-operation was not taught. There were no course on co-operation but a kind of permanent study of co-operation by virtue of several hundred students from 16 to 18 years of age working in industrial co-operatives, giving the fruit of their labor to their student co-operatives who, in turn make restitution of these sums to the students themselves for their student expenses or to the school proper to pay its expenses. It is obvious that a formal course would add nothing to this practical training.

How else is co-operation practised by the young ?

Either productively or culturally as I said before. That is to say introducing co-operative procedure into teaching reform, replacing academic training by mutual learning processes so coveted today by student movements. Its forms can be many : work groups, collective theses, etc., more and more experiments are being carried on in this direction.

In Paris we have about one hundred students in our co-operative school from 40 different countries each year. The students are increasingly involved in setting up the program and managing a portion of the budget, affording intensive weeks of work to the organization. This is practical co-operation and is more valuable than it would be if taught in the conventional way.

III. Another point that seems interesting to me is that of co-operation as *recreated by the young*, whether by the biologically young, the sociologically young or by young nations.

We are now realizing more and more that though our tradition goes back more than a hundred years and is spread over various continents we have still only invented a few of the *possible types of co-operative development*. These have been tried and tested by experience but nothing says that other ones may not be possible or valid or even necessitated by new situations, new geographically, chronologically, politically, culturally or new by virtue of a conjunction of all these. The fact is that there are more and more experiments in the world setting up new forms and models.

Which old co-operative movement in a given country has not given rise to a new wave, a new frontier, a renewed search for different forms of co-operation than those that have been practised for a century or a century and a half ?

Reinvention by the young is constantly going on whatever the co-operative model and I think we must be alert to this supply and demand on the part of youth in the form of this constant reinvention.

IV. *Concerted co-operation with youth* has been mentioned several times previously. A Canadian delegate pointed out that this afternoon's session gave evidence of a flagrant anomaly in that it did not call upon the young to give us their idea of co-operation in general in such and such a country and of credit co-operation in particular.

I tried to engage in some such discussion before writing my report. I made a kind of investigation among about one hundred Parisian students of different institutions of various nationalities, asking for their opinions and stimulating discussion about their picture of credit co-operation and about a possible conference such as this on the subject of the credit cooperation.

The experiment was disappointing and I began to wonder if we shouldn't be alarmed at the indifference or even distaste on the part of young for this monumentally important subject of the development of credit cooperation.

It is a fact that each year when we take a vote on the courses to be taught during the intensive study program, that of credit co-operation has not counted many hands. My sampling was not perfectly representative as I said but every year I have about a hundred students and when they are asked their opinion, credit co-operation is never in first place. The subjects of preference are usually industrial production co-operation or labor self-management as well as agricultural co-operation and reform, training and lifelong education. It is only by beginning with other types of co-operatives that we discovered the need for mobilizing savings to liberate productive energy and the need for a deeper knowledge of credit co-operation as well.

Someone suggested a while ago that it would be interesting to investigate the image of the credit co-operative in the eyes of youth. This would be a valuable addendum to the archives of our conference.

Co-operation has to get together with the young. We alluded to this several times. There must be a concerted effort with young people taking full part in our deliberations with all their power of invention, the instruction they have received and their practical experience and later in making decisions that will effect the fate of the co-operative movement's development.

The problem of concerting our efforts, of meeting on equal ground and openly has been emphasized. It obviously involves the question of promotion, what is referred to today as the promotion of young co-operators within staff, in deliberation centres, based on a company's decision. This is one aspect of the perpetual rejuvenation of our movement.

V. *Co-operation as relayed by the young.* By reinventing types and models of co-operation and concerting their efforts with already existing ones, little by little stages succeed each other in this process of exchange and redistribution until a real relay, a relay race has been organized.

This relay problem is one aspect of the youth problem. Research into a number of co-operatives revealed the fact that a company could easily become clogged up and arrested with respect to its mobility, to an internal capillarity sufficient to carry on a relay.

This « planification » of human resources as they call it in United Nations jargon is a very important problem since it involves the planification of the relay of generations and age categories wherever deliberation is carried on and decisions made.

VI. Another point worthy of mention is that of the co-operative movement *as spread by the young* through their own experiments and practise, retransmission of what they have learned or through their own action and especially as the result of their own exchanges. This has perhaps not received sufficient emphasis. I see this every year and marvel at the results of what one might term cultural

marriage between the youth of all countries that is freer, less weighed down with responsibilities than those who are burdened with the heavy apparatus necessary to insure security and progress.

Because of this freedom of exchange and criticism or questioning, youth meets youth easily and most interesting things result from the meeting of Africans and Europeans, Latin Americans and Africans and acquaintance with each others' trials, projects, longings, dreams and problems.

I think that one of the co-operative movement's tasks is to see that such intercultural exchange between youth groups is increased and becomes a regular part of our program.

Naturally, diffusion of ideas through the young especially affects contacts between co-operatives of the already developed countries and those of developing and young countries.

We know that there are Volunteers for Progress, Peace Corps and other groups of technical co-operation that mobilize the young to work with other groups in the developing countries and which conversely bring youth from the developing countries to more advanced countries to profit from the experience those countries have acquired. This is a program for which I have worked for the past ten years and for which many of you work. A dozen or more reports that could not be presented dealt with these co-operative exchanges one step removed that I felt were important enough to mention in this evening's review of co-operative youth.

This is so true that when one uses the word « co-operation » before the public or in a newspaper, it does not have the same meaning at all that we have given it this evening. The magazine *Esprit* published a special issue last month devoted to *Co-operators and Co-operatives*. This did not refer to co-operation in the Raiffeisen, Schultz-Delitsch, Charles Gide or Desjardins sense of the word but to bilateral co-operation between countries in the exchange of aids and assistants. There exists within this international or intercontinental co-operation of such concern to « co-operators » so-called, certain activities carried on through affiliates. In other words we have developed a new profession today particularly fitted to the young, that of the *co-operating co-operator* or the professional co-operator in the sense in which we all understand the term with reference to development of the credit co-operative, the development of the consumer's to agricultural producer's co-operative or agricultural service production, but a profession carried on within the framework of co-operation between different nations or different continents.

We have many of these co-operating co-operators in our school. They have to pass through many vicissitudes and many hardships but also moments of triumph before finding their feet and their equilibrium. But it is a new profession for the young and I think that we should be attentive to the possibility we are in a position to offer for the development of these new professions that seem to be required by the intercommunication on our planet today. This is within the province of co-operation as spread by the young.

VII. I want to use one term that recapitulates all the others : co-operation as inherited by the young. Someone else made allusion to this heritage in his report. The co-operative movement, after the 150 years of effort that our predecessors put into it, constitutes a gigantic cultural, economic, technical patrimony affecting our customs, our laws, a majestic patrimony ponderous to transmit to the next generation to make it bear fruit.

This puts us face to face with the problem of heritage that is the problem of all those who have spent their lives building up a patrimony for the following generation and whose greatest concern is to transmit this patrimony most profitably to its beneficiaries not to its detractors.

I tried to not exactly summarize but to pin down to seven points some facets of our exchanges on co-operation as taught to, practised by the young, reinvented by them in concerted effort with other young groups, relayed by youth, diffused by youth to which I no longer claim to belong but to which some of you certainly do and which I hope will make this patrimony bear fruit.

PROBLEMS OF THRIFT AND CREDIT COOPERATIVES IN DEVELOPING COUNTRIES

Dr S.K. SAXENA

Director of the International Cooperative Alliance.

Mr President, distinguished delegates, ladies and gentlemen,

My talk could start with three limitations.

The first concerns the definition of terms. I will use different terms such as : developing countries, underdeveloped countries, credit co-operatives, thrift and credit societies, credit unions, etc. The precise definition of these terms could be discussed at length, but a conference such as this one is perhaps not the right place to go into these questions. What I shall talk about will be credit societies which operate in rural areas and whose main function, or at least one of their functions, is granting credit and encouraging thrift in areas of their operation.

Secondly, I will concentrate only on problems and difficulties experienced by these societies; that is indicated in the title of my talk. I stress this because I do not wish that, at the end of my expose, one should misunderstand that I have not referred to the achievements of this form of co-operative organisation, which, incidentally, are quite considerable. What concerns me most here is to indicate the problems and difficulties and some suggestions for overcoming them.

Third limitation : the subject is extremely wide and I will have to be highly selective, in respect of the illustrations as well as the difficulties and problems that are experienced.

Having said this, I should, basically, like to set myself three tasks.

First, I intend to make some brief remarks about the general situation in developing countries. This is, of course, difficult, nearly impossible in such a short time, but I hope to be able to draw your attention in a general manner to the economic and social situation of these countries, a situation we should never lose sight of if we want to understand the problems of credit and thrift societies.

Second, I will briefly outline the situation of co-operative societies in the developing countries. I shall not quote you statistics relating to number of societies, capital, reserves, etc. All this exists in the co-operative movement's literature and you know the statistics issued by the ICA.

Finally, I will indicate the main problems and difficulties which I think are the most important and on which our conference should give some lead for evolving sound policies to be followed.

Let me first present a general view of the social and economic situation in these countries.

Many developing countries have recently become independent. They have

national governments, with varying degrees of political stability. They have inherited a structure which is, in general, stagnant. There is an almost complete absence of secondary industries and widespread poverty, especially in the rural areas, hampers the formation of enterprise skills, the capacity to take risks and, to some extent, the acceptance of new ideas. The social structures are above all characterised by patterns which are ascribed rather than achieved. A large number of different social institutions have been functioning for a long time on a rather authoritarian basis. This conditions the attitudes of the great majority of populations and these attitudes must be changed radically if economic development is to be achieved in a democratic frame.

The second characteristic of developing countries is, of course, the predominance of agriculture in their national economies and, sometimes, a strong dependence on extraction industries. Yesterday, Mr. Habib Thiam spoke of the role of groundnuts in his country's economy. This makes the country particularly vulnerable to international price fluctuations. Finally, agriculture demands large amounts of investments, in order to create a basic foundation for its development.

The third general aspect is the very important part which governments play in these countries in the process of economic development. There is, in many countries, some form of economic plan, although the government's attitude towards co-operatives differs from one country to another; this involves, for the co-operative movement, a series of ideological and operational problems which have been discussed from time to time.

Finally, the cumulative results of historical and social factors have led to a mainly passive attitude by the majority of populations and this has emphasised still more the need for leaders : I am speaking about the voluntary leaders as well as the executives who manage these co-operative societies.

In studying the situation of thrift and credit societies, I should like to briefly make several points.

In many countries, especially in the rural communities, traditional forms of thrift and credit organisations have been in existence for a long time. I think the participants will know, from their own experience, what sort of organisations I am talking about, but I want to emphasise that the transition from what one may call the « traditional » form of co-operation to the « modern » one is a process which is not automatic and which calls for careful efforts.

Co-operative societies based on the Raiffeisen model have been the most common, first in South-East Asia, and later on in parts of Africa. « Find Raiffeisen » was the terse summary of two extensive reports published towards the end of the last century as a result of a detailed enquiry into the question of rural debt in India.

There are three points which one must remember. When the co-operative movement was introduced, it was an idea which was initiated by the government and not something which developed from within the village community. Secondly, the problem of rural debt was for a long time the main reason for the creation of these societies. Therefore, these societies concerned themselves only with rural debt to the exclusion of other needs of farmers. Finally, these societies were based on the ideals of mutual trust and knowledge, unlimited liability, etc. Historically, these societies were very small ; they served small rural communities; their resources were limited and this did not allow them to employ skilled staff. The question of the size of a co-operative and the area it should cover to make it economically viable, the homogeneity of membership facilitating contacts

with members in a given area, and other related aspects have been discussed from time to time in different countries. Recently, efforts have been made to merge small societies into larger ones, particularly, in Ceylon. The primary societies have developed higher tiered organisations to attain, inter alia, greater financial strength. The problem of structure and contact between the different levels has been discussed in terms of the promptness with which credit could be made available to cultivators and also the effect the structure has on the cost of credit to the farmer. Finally, the structure of the movement is relevant to the extent that it provides a framework for the emergence of voluntary leaders on the local and secondary levels.

Let me now turn to some problems. These I can present in the form of three questions which, I think, are being discussed in many developing countries today and summarise a great number of problems.

The first question is the following : is the granting of credit an end in itself, or is it rather a means of increasing agricultural production and improving the standard of life of producers ?

The second question is : Since in many developing countries a large number of cultivators are either marginal or sub-marginal, is it proper that co-operative credit institutions continue to function solely according to narrow technical banking considerations ? Evidently, if the answer is negative, a number of other areas open up for discussion : for instance the role of co-operatives in rural development, the effect which a wider « development » orientated approach of co-operatives will have on their economies, whether co-operatives have a part to play in improving the lot of sub-marginal producers, the complex area of relationships of the co-operative movement to the government.

The third question is linked to the above. If greater importance is attached to increased agricultural production, what kind of machinery is needed which will meet the demands of a large number of producers and will at the same time ensure that the loans are put to good use and the problem of bad debts does not become serious.

I do not intend to attempt to answer these questions, but I would specify four elements which we must not forget in formulating answers to these questions.

In the first place, there is the general inadequacy of co-operative credit available to cultivators. We have figures which vary from country to country; whatever the accuracy of the data, I think it is agreed that the extent of credit available to cultivators through co-operative sources is much less than what it should be.

There are two methods of tackling this problem.

The first is by encouraging thrift in the co-operative society or a credit union at the level. Here, the main obstacle is the low income level of producers. Now, studies made in several countries have shown that, thanks to well conceived measures, the amount of thrift that could be generated is not insignificant. I hope representatives of credit unions will have something to say about this, as their efforts in some countries have shown that the potential for thrift exists.

I have enumerated some measures for encouraging thrift in my paper which has been circulated to the participants. Recently, the finance committee of a seminar of the agricultural and consumer co-operatives held in Colombia in 1969 has made many recommendations of a practical nature in order to obtain more savings.

The second element linked to the question of adequacy of credit is related to the trust the producer has in the co-operative organisation. Here it is, partly, a matter of arranging for training and education which would help to emphasise the nature of reciprocal obligations between the members and the society, and, partly, the economic benefits which the farmers derive by being members of the co-operative societies.

If we look at the pattern of family expenditure, we find that, because of certain social pressures which operate in a narrow rural community, the producer is compelled to yield to certain obligations which are not productive. It is a very complex problem to tackle and must require sustained educational work in order to ensure that the meagre resources are not spent unproductively. One may wonder if it is possible to draw a realistic line between production and consumption credit. Maybe, more fundamentally, what is required is the creation of alternative social norms in the community, norms which would, so to say, « glorify » minimal expenditure on unproductive ceremonial activities.

There is then the fact that co-operative credit societies have very limited access to external sources of finance. The commercial banks do not like to function in rural areas for several reasons. The relationship of credit co-operatives to the central financing agency differs from country to country and special financing agencies have been set up to support co-operative credit societies. For instance, in Thailand, there is a special bank for agriculture and co-operatives; it is not a co-operative bank; in the Philippines, the Agricultural Credit Agency is responsible for rural finance; in Pakistan, the Agricultural Development Bank performs an important function; in India, the Reserve Bank provides finance to co-operatives through state level co-operative banks; and in the Republic of Korea, one could mention the loan fund of the National Agricultural Co-operative Federation which mainly consist of government budgetary funds, borrowings from the Bank of Korea and deposits from non-farmers. In Latin America it appears that the interest shown by governments in matters of co-operative finance is somewhat limited.

To sum up, one could say that often the nature of the relationship between the co-operative credit structure and the general banking structure of the country is influenced, inter alia, by government policies. Where governments are positive towards the co-operative movement, finance, perhaps even « concessional finance » is made available to co-operative organisations. Incidentally, in the latter case it needs to be emphasised that sometimes the element of « cost consciousness » assumes a secondary place and might even mean a laxity in financial discipline which could have serious consequences for the co-operative credit institutions.

Let me now briefly turn to the problem of recoveries. This problem is particularly acute in a number of developing countries; if large amounts are outstanding for considerable periods, the very existence of co-operative thrift and credit institutions is threatened. Such institutions are particularly vulnerable in agriculture where climatic factors play such an important role. Even where statistics show to the contrary, it is generally known that repayments conceal a number of fictitious transactions.

I think one of the most important points for consideration here is that credit, as an economic element in the farmer's life, must be considered an integral part of the continuum that stretches from credit to marketing to supplies and in some cases, where a certain level of development has been reached, even to processing. One of the reasons why the private, often extortionate, agency has not been displaced is that the private merchant-cum-financier in the rural areas combines

a series of functions and the co-operative must also provide a range of services which are co-extensive with the major needs of the farmer; otherwise, if marketing is in private hands, the recovery of credit by the co-operative society becomes extremely difficult.

Sometimes, this problem has been debated as the « single purpose versus the multi-purpose co-operative » and the arguments for and against have been discussed at length in co-operative literature and need not be repeated here; the situation is again different from country to country. Suffice it to say that it is not a question of doctrine, of an either/or approach, but rather the structure should be empirically designed to cover the range of services required by the peasant and which can be effectively provided by the co-operative.

I must make a reference here to what is called the system of supervised credit as this has a direct bearing on agricultural production and on the problem of default in payments. It is clear that in any system of supervised credit, co-operatives will have a very important role to play.

The success of the supervised credit system will depend upon intensive educational work carried through a team of agricultural workers, home economists and general home advisory services which are made available to the farmers. In this system, the size and terms of a loan are linked to a « farm plan » which is based on a large amount of information relating to the economics of the farm. Loans are then sought to be adjusted to the cycle of production and the chances of default are, therefore, considerably reduced. Perhaps, more fundamentally, the farmer becomes a dynamic partner in an important exercise which is meant to improve his economic position.

The problems involved in executing successfully such a programme — and I believe this is what Mr. Freeman called « development agricultural production credit » — are the following three : the costs involved in this programme tend to be high; the large team of trained workers is not generally available in developing countries and vast investments in educational programmes will be required; and, finally, the lack of coordination between various agencies with their different seats of power is often a serious hindrance.

Connected with the setting up of multi-purpose co-operatives and supervised credit is the question of training. The extent of training available in developing countries is very inadequate.

There are two problems involved here. The first is that training available is often of a rather theoretical, class-room type. What I would recommend is a more specific, job-orientated training. A seminar which the ICA organised in Comilla in Pakistan in 1964 dealt with problems of employee training and made a plea for specialised courses, coupled with field visits, a more modern approach to teaching methods with more practical teaching aids and the formation of cadres which would provide incentives and possibilities of promotion to employees. The second problem relates to member education. It is clear that one of the basic pre-conditions for successful co-operative development is not given adequate consideration. The problem is, no doubt, difficult and would call for an intelligent deployment of trained staff with approaches which would lead to auto-activity at the field level (e.g., group discussion, study circles, correspondence courses).

Finally, allow me to say that international organisations could contribute along the following four lines. Firstly, through periodic conferences and publications, exchange of relevant experiences could be arranged for the benefit of co-operative

movements. This has been our effort mainly in South-East Asia and in East and Central Africa through our Regional Offices.

Secondly, where new financial organisations are needed to be set up, advice could be made available to co-operative banks from other countries, including the International Co-operative Bank at Basle. ICA's own Banking Committee is partly concerned with this question.

Thirdly, proper coordination among various international agencies is vitally necessary in order to deploy most effectively the scarce manpower and financial resources.

Finally, research on important subjects at the international level could be undertaken by interested organisations. Our own International Finance Study is a case in point.

Mr. President, some of my concluding remarks really belong to the afternoon session, but I have offered these in the hope that this will emphasise the structural continuity of the programme of this conference.

Mr. UDAYBHANSINHJI

President of the « National Cooperative Union of India ».

As a general follow up to the views expressed at Stockholm Congress, the question of focussing pointed attention to accelerated development of countries, the South and East Asia received special consideration of the XXIII Congress of the International Co-operative Alliance held at Kualalumpur. As a result of this, with the help of the Swedish and Japanese Co-operative movements the Regional Office and Education Centre of the International Co-operative Alliance was set up in New Delhi. It was inaugurated by the late Prime Minister Shri Jawaharlal Nehru on his birthday on 14-11-1960.

While the question of reformulation of co-operative principles was dealt with by the International Co-operative Alliance in 1967, under a Special Committee headed by late Prof. D.G. Karve, Co-operative education was given its rightful place as one of the fundamental principles of co-operation. The International Co-operative Alliance Centre at New Delhi in accordance, with the current concept, is an endeavour in the direction of filling up a gap in promotion of co-operative education in the region.

The work of the International Co-operative Alliance Regional Office, located in New Delhi and operating in thirteen countries, ranging from India to Australia, could be described as a very real contribution to the development of the Co-

operative Movement in this area and its importance could hardly be over emphasised. The assistance and service by the centre has been in the following forms :

- 1) educational programmes,
- 2) channelling of Technical assistance,
- 3) assisting in establishing trade relations between co-operatives across national boundaries.

In the field of education, the Regional Office and Education Centre has held within its ten years of existence as many as 72 technical meetings of various types — viz., Experts' Conferences; Regional Seminars; and National Seminars.

These were attended by nearly 2000 participants in all. In addition to this, they have had several Research Fellowship programmes and Teachers Exchange programmes. The Regional Office has also published a large number of books based on the research work done by its staff. It also publishes an annotated Bibliography of all the co-operative literature published in the region, as well as a Documentation Bulletin or articles in periodicals relating to the Co-operative Movement.

Through its Technical Assistance and Trade Section the International Co-operative Alliance Regional Office has been able to coordinate the assistance given by certain developed movements to the developing movements in Asia. This Section of the Office has also been able to bring about trade agreements between co-operatives of different countries such as between the National Marketing Co-operative Federation of India and the Unicoopjapan of Japan.

In a situation where Governments are generally controlling the movement and where there is not much prospect of the national co-operative movements becoming truly autonomous, the presence of the International Co-operative Alliance in the South East Asian region, in an effective manner, has been very helpful to keep the national co-operative movements and the Governments of these countries constantly reminded of the aims and objects of the Co-operative Movement and the significant role they can play in implementing programmes of social and economic welfare.

It may be mentioned here by way of an illustration that in the light of certain developmental projects for agricultural production worked out by the co-operatives, the World Bank has shown its willingness to grant substantial loans. This would mean that the local resources of the Governments concerned would be saved to the extent of loaned amounts. The saving will result in releasing extra financial allocation for other welfare activities of the concerned countries. While giving orientation to the Governments of the region regarding the value of co-operative developments, this point could be stressed. The International Co-operative Alliance Centre at Delhi has recently undertaken to train new Registrars of Co-operative Societies in the countries of the region, which will be of great practical value.

The national movements of this Region are increasingly appreciative of the work done by the International Co-operative Alliance as is indicated by their growing financial involvement in the work of the Regional Office.

We are very grateful to the International Co-operative Alliance and the Swedish Co-operative Movement which has borne a greater part of the expenditure on the educational activities of the Regional Office for the very useful work that is being done by the Regional Office. This work was stated when the present

Director of the International Co-operative Alliance Dr. Saxena, (Chairman of our current session) was in charge of the Regional Office and I would take this opportunity to assure him and the International Co-operative Alliance authorities that the national co-operative movements of the South East Asian region deeply appreciate these services, and feel grateful for all the valuable help from the International Co-operative Alliance.

It may be mentioned that with the current year the International Co-operative Alliance Centre at Delhi would complete a decade of its very useful services. May, I, therefore, venture to suggest that to mark this event, the International Co-operative Alliance may kindly fix the next meeting of their Executive Committee in New Delhi so as to time with our Co-operative Congress sometime next February. We the co-operators of India would heartily welcome the Members of the International Co-operative Alliance Executive Committee in New Delhi.

Mr. BELLONCLE

Union of Credit Cooperatives, Niger.

I do not intend to make a real speech or an expose but I want to tell you about a personal experience and describe an eight year itinerary in black Africa.

I will frequently cite facts and evidence from various countries in which I have worked, and I beg your indulgence.

This will give a little more human warmth to what I have to say and eliminate an academic approach because I will be reporting what I learned from various farmers during my eight years work.

Speaking in 1970 of the problems of co-operative thrift and credit in black Africa necessitates, first of all, going over a long and painful past.

Professor Dumont has written with his usual frankness that « the history of agricultural credit and therefore of credit co-operatives in Africa is the history of a long series of failures ». He wrote these words 10 years ago, and I am not sure but that he would not be making even more severe judgements of what has happened since in the different black African countries.

Let us begin with a review of the past in order to try to understand why we have had so little success in our 30 years of effort to implant thrift and credit co-operatives in black Africa.

Let us begin with the earliest experiments that go back to the 30's when the

French government of the time tried to transplant, purely and simply to transpose, the formulas of mutual agricultural credit which had been so successful in the mother country.

Why did these first mutual agricultural co-operatives fail? The reasons are quite simple.

They tried to transpose to Africa a system valid for a country with advanced agricultural development and based on small and medium-sized farms disposing of a certain amount of capital.

This allowed for recourse to bank guarantees that would supply the lender with all necessary security whether in the form of a mortgage or a warranty; one might say that the solid guarantees demanded only added to the moral guarantees the borrower had to provide a credit organization and that these guarantees were of such a nature that it was practically impossible for the lenders to lose.

It is obvious that the transposition of such a system to black Africa was altogether impossible. The reason for this is that here we are dealing with a mass of small farmers who do not own their land and even if they did it would not mean much for, from the bank's point of view, the land has no monetary value with the rare exception of some extremely rich land near the big cities and which, as in all countries, is highly speculative.

The majority of small African farmers can give the bank no guarantee. It is impossible to have recourse to mortgages or to ask for any real guarantees for the farmer really has no agricultural equipment nor real harvest.

Guarantees other than those classically demanded by European and Developed Countries must be found.

Therefore, after this first experiment which was almost a complete failure according to a study made by Fernand Wybaux in 1950 in which it was apparent that agricultural credit had only affected less than 1 % of African farmers, another experiment was attempted by what was then the Central Overseas Bank of France (Caisse centrale de la France d'outre-mer) in which other guarantees, personal guarantees were sought, based on the Raiffeisen movement and ideas.

Again the experiment met with many disappointments but I think we can say 15 years later that the original idea of replacing bank guarantees, in other words true but in-existent guarantees, with personal guarantees, thus basing agricultural credit on a moral proposition, was intuitively correct and that we should pursue our search along these lines.

The idea was a simple one. Its promoters saw that a traditional solidarity existed in the African village or any unit of African life whether it be the quarter, the hamlet, that constituted a sort of moral surety that the promoters of the ideas wanted to exploit to the fullest.

In theory, when a member of the Mutual made a loan, all of his fellow-mutualists gave their total wealth as surety. Theoretically, therefore, the lender ran no risk of losing his money since over and above the registered capital deposited that generally only amounted to 10 or 15 % of the credit extended, it would be possible to have recourse to the unlimited guarantee of the members and to act against their property if necessary to collect the loan.

This was astonishingly successful in the beginning especially in Cameroun where it was first tried. The reports that were published about it were triumphant

in tone. For the first time in history, small African farmers found credit available to them and 99.5 % of it was repaid.

Then why was the system abandoned ?

Many reasons can be mentioned but the chief ones are as follows :

1) A successful idea always tends to become generalized too quickly. We have a tendency to forget that the success of an original experiment is only due to long psychological preparation, discussions with the people who are to be involved in the experiment. All of a sudden we begin to take the formula for granted as a miraculous, magical panacea for all problems. Thence the temptation — unfortunately many are they who succumb to it — to extend what was valid for 20, 30 or 30,000 inhabitants to the population of an entire territory.

It is evident that from then on the initial precautions, the necessary discussions, the level of comprehension that has to be reached before the operation is launched all fall below par and the system deteriorates.

2) The second reason is connected with the nature of the credit extended.

The earliest credit was short term credit, campaign credit and very profitable. Essentially it was a question of agricultural loans to ward off the spoiling of cacao. The farmers were very anxious to procure them. The necessity for having access to such loans each year was as instrumental as the threat of foreclosure of their property in forcing them to repay the loans.

We can derive certain generalizations from all this.

A loan has a greater chance of being repaid if it is very necessary to the people making it. I will even go so far as to say that a banker needs no other guarantee but that of the pressing need of the farmer.

Thus, to cite an example to which I will come back later, loans made for sowing crops which are absolutely vital to the rural farm population of black African countries are almost always regularly repaid out of the farmer's fear of not being able to renew them the following year. They thus become top priority.

Nevertheless, this second experiment in mutual credit which was carried out in 4 countries —Cameroon, Togo, Dahomey and Madagascar, in turn rapidly deteriorated because of too rapid an application of the system and because credit was extended far less profitably for things which were not of vital and immediate concern to the farmers involved.

One very interesting observation : when the first unrepaid loans began to appear, the unlimited solidarity guarantee on which the whole ideas was based began to act in the opposite direction, in other words, it favored non-reimbursement.

In the study which I made for F.A.O. relative to this phenomenon, I spoke of this reverse solidarity which is quite understandable from the psychological point of view.

Actually from the moment the banker faced with 15 to 20 % unpaid loans tries to collect, he is forced to put pressure on the mutualists who have repaid their loans to, in turn, put pressure on the delinquent ones in order to make recovery. Then what happens ?

As the registered capital deposited frequently several years before was insufficient to cover the unrepaid amount, the bank solicits a new subscription of

registered capital equal to or in excess of the unpaid balance in order to make up the original sum.

Psychologically the farmers find themselves in the following situation : either they must subscribe again, not only to build up the initial capital once more, but to cover the unpaid portion, or let the whole thing go, pay none of it back which, of course, prevents them ever having recourse to credit again, but the immediate advantage of not repaying loans, of not building up the capital, of not covering the unpaid portions is so obvious that the idea of not being able to make loans in the future does not weigh heavily in the balance.

Generally one observes a veritable wave of non-payment which results in the mutuels having no other guarantee than company capital after having held their unpaid loans at about 15 to 20 % for several years and finding themselves suddenly faced with about 80 to 100 % unpaid loans.

A statistical study of the Cameroon and Dahomey mutuels revealed an almost mathematical law. When the farmer finds that he has to make too much effort to repay the mutual, rather than abide by his moral contract with the bank, rather than abide by his initial agreement, he lets the whole thing go and the bank finds itself with considerable unpaid loans after having involved itself in a medium term credit program.

This new experiment led those interested in agricultural credit in Africa again to bring up the problem of guarantees that appears to be the essential problem, and the idea emerged of tying in credit with marketing based on the obvious assumption that the African farmer has no other guarantee than that of his harvest.

Senegal did the pioneering work. The formula was set up in 1958 when independence was achieved. It began to work in 1959 and spread progressively throughout the whole country.

And here I find myself divided between the deep sympathy I feel for the co-operative movement in Senegal where I worked from 1962 to 1965 and left some of my heart and the deep fear I feel in the face of the evolution of this co-operative movement in the past few years.

I do not want Mr. Thiam who is representing Senegal on this rostrum to consider the remarks I have just made as criticism of the Senegal government. I have too much respect for the efforts that have been made to promote a real farmer class in Senegal, I too well know the difficulties they have encountered — difficulties due to the considerable drop in the world peanut market and three poor years of rainfall. I recently had the occasion to read the report made by SODEVA, the organization to promote co-operatives in the Senegal, and I appreciate enormously the effort that has been made both intellectually and actively to — I dare not say « relaunch » for this could suggest that it had already failed — but to reinvigorate these co-operatives that have had such a hard time for the past few years.

But, it seems to me it is my duty to call your attention to the extremely important problem of structures and models. For it would be disastrous for this new effort to have the Senegalese co-operatives really run by the farmers themselves fail because the model on which they are to be based is not accessible to, comprehensible to the farmer.

I will limit myself to those comments.

It seems to me that beyond the problems of contingency in Senegal, beyond all the difficulties I mentioned, there remains the question of structures, of models, as follows.

Experience has shown us that it is impossible or in any case extremely difficult at the present time to put a system of joint liability into effect in black Africa above the village level. Let me explain.

What does the phrase joint liability mean? For an African farmer of Senegal, Niger, Ivory Coast, Dahomey or Cameroon, this means in black and white that a farmer guarantees repayment out of his market surplus — what he calls « la ristourne » — or beyond this, out of his capital or in the form of patrimony of the co-operative, collective patrimony, that is, he reimburses a loan for a farmer who cannot.

This means simply that if the farmer is really, psychologically to accept this joint liability, he is forced to ask essentially for two guarantees in turn : he cannot act as guarantor if he does not know the borrower who is going to be asking him to act as such.

This implies that the two must live practically together, that the guarantor have connections with the borrower, that he be able to control the use of the loan at all times. This is the most important guarantee.

Furthermore, if this joint liability is not to be simply a bookkeeping device for a bank that blindly moves its spare capital from one account to another it must be consulted before the loan is granted.

I think that if these two conditions are not fulfilled, if the farmer who is being asked to act as guarantor is not consulted on every loan made in his name and if he does not have the means of effectively controlling the use made of the loan he is guaranteeing, he immediately feels distrust that results in a lack of solidarity and the joint liability simply becomes a bookkeeping entry showing that one party owes something to a co-operative and that such and such a co-operative owes something to such and such a bank.

This of course, as a necessary corollary, presupposes that loans are accessible to the ordinary farmer. Also that, at any time, a village or a village mutual has the right to demand to know what its situation is with regard to the bank and that accounting not be done in such a sophisticated manner that the villager cannot understand that the village as a whole received such and such loans, that certain ones were repaid and others not, and that it is for this reason that the bank has been forced, according to the agreement made with the village, to repay itself out of market surplus or company capital or co-operative stock.

Concretely this means that I do not believe it possible at the present time to organize joint liability above village level or, when a large village is involved, at neighbourhood or town level.

This implies that the co-operative be organized in such a way that to market its products, it may go in with several other villages (for marketing their products can only be profitable if a large enough volume is involved) but that, within these co-operatives where marketing and credit are tied in with each other, concrete provision be made for « Village unity » to remain evident and that the village as such be responsible for the loans it has made from the bank via the co-operative.

I think this is a very important matter for, in so far as I have been able to

follow the evolution of the Senegal co-operative movement through studies sent to me, it appears that the biggest problems it has encountered come, in part at least, from the fact that loan accountancy being made on inter-village level, it has been difficult to explain what joint liability consists of on village level.

It is altogether normal that farmers in a village that has totally reimbursed its loans do not feel any solidarity with a village that might be situated a dozen kilometers away and that has not been able to repay its loans.

In this respect we have seen the best become discouraged in the face of the poorer elements instead of having a wholesome inter-village emulation process which would attempt to follow the better elements.

It is essentially this innovation that the experiment of Niger in co-operative credit enterprise was responsible for, and about which I am going to tell.

Profiting by the Senegalese experiment when I was asked to act as advisor to the Union of Credit Co-operatives of Niger, I emphasized the necessity of organizing credit and savings at village level and not at inter-village level, thus anticipating a co-operative model that while marketing the products of several villages, did the savings and credit accounting on the level of a human hive where everyone knew everyone else, where everyone could act as guarantor of refuse to so act for his neighbour, as the case may be.

At the present time, the most qualified observers of the co-operative movement of Niger have been unanimous in recognizing in it a most interesting model.

It is not as yet a very developed model. The experiment to date has only involved 70,000 co-operators representing a total of 500,000 inhabitants; it is still a modest experiment in comparison with Senegal's that involved almost all producers but perhaps this is in its favor as a truly social experiment.

Social experiments have this in common with agricultural experiments that they both take time. I think this is an interesting experiment for three reasons.

For one thing, a single organism promoted this movement, the Union of Credit Co-operatives of Niger with all the necessary services to promote the movement under unified direction.

The second reason is what I have just told you. The co-operative model that was spread among the people seems to have been a model well adapted to existing social structures and to the psychology of the Niger farmer.

The third reason is probably that the teaching techniques devised to present a model adapted to the people of Niger is a kind of teaching that tries to take into maximum account the deepest values of the Nigerian people and their society.

At the present time no co-operative statute yet exists in Niger nor is any planned. The movement is being allowed to grow like a living thing and later perhaps statutes can be adapted to the co-operative movement and not the opposite.

To conclude.

The question we studied at this conference was whether or not the thrift and credit co-operative was a valid base of development and this question is all the more acute, of course, in the so-called « developing countries ».

Unfortunately, we have often seen organisms in charge of promoting the co-operative movement rapidly become hindrances to its progress. This means that we must have achieved a really co-operative public policy and it is on this note that I should like to end.

I think that it is to the credit of the leaders of Niger, especially President Diouri and President Boubou Hama, not only to have taken a favorable view of the co-operative movement 10 years ago but to have settled in favor of real farmer participation in the co-operative movement despite all its difficulties in the last 10 years, continuing to believe that the development of Niger will first and best be served by farmers organized into co-operatives and with their own savings making the investments necessary for their development.

REPRESENTATIVE OF CUNA INTERNATIONAL

I feel rather sorry that the president of CUNA directed me to speak briefly because there is a great deal of interesting material to comment upon that I worked with — not only where credit preceded savings but also in the opposite case.

This is the question that interests us : can co-operative credit and thrift companies actually constitute a phase of development ? My answer is : yes.

And this because thrift and credit co-operatives were set up to be the most efficient tools to encourage the development of human resources to a potential reached in most countries. In many cases the potential of the credit and thrift co-operatives is not mobilized nor has it mobilized human resources. And this explains their failure.

Those who set up the thrift and credit co-operatives may not have had sufficient faith in the people with whom they worked, not believing them capable of organizing a kind of banking institution for mobilizing savings, managing it and using it for credit purposes thus proving to the development banks that they were worthy of receiving credit.

You must realize however, that when we say that farmers were not successful in the domain of credit and thrift co-operatives we also imply that these same farmers did succeed in developing a much more complex co-operative venture — that of agriculture and marketing.

Have we failed perhaps to make use of these co-operative marketing ventures in such wise as to develop and extend the farmer's potential so that he can contribute effectively to the development of his own country ?

Might this be the reason? Or have the marketing co-operatives resulted in a system responsible for bringing the farmer highest prices? Do they represent the possibility of bringing raw materials to the mother country on the best possible terms? All this makes me wonder if one of the major factors of failure has not been a lack of faith in the farmer's potential in developing banking institutions.

I do not want to spend too much time on this but will seize the opportunity to cite two examples.

Eight years ago I was in the region of Lake Victoria and I met a professor who was preparing his doctoral thesis on the development of co-operative communities. In the course of his research he went to Tchiango 40 miles from Ouanza on the northern shores of Lake Victoria.

He met a farmer there who was the head of a thrift and credit co-operative and who had never heard speak of mutual credit companies. He knew nothing about double — or triple — entry bookkeeping but at the end of every harvest, the farmers brought some of their savings to the co-operative and at the beginning of the planting season they borrowed, then paid back more and more. At the end of 12 years there were sufficient funds for a co-operative and this in Gidalgo.

I want to present this evidence to convince accountants that there is a great potential for creating groups of this in rural areas.

I happened to find myself there the very day when this group was registered with the Department of Co-operatives. The inspector arrived with his book-keeping regulations, machines and material. I said to him : « Before trying to teach these people anything at all, why don't you try to understand what they've done? If you don't understand what they understand you can't teach them anything. »

This is surely one of the reasons of our failure. When we speak of thrift and credit co-operatives, we always think of a fixed, frozen, old-fashioned type of organization and we must adapt ourselves. It so happens that it is the farmer who decides and if we fail to adapt to his decisions, we fail in our task.

We cannot enforce alternate solutions to the problem. I read a report published by a United Nations agency on Xouzous and the development of thrift and credit co-operatives. The colonial expert of the period in question had given instructions to the Department of Co-operatives. The capital was to furnish funds for the co-operatives but the Xouzous wanted nothing to do with the development of thrift and credit co-operatives for the next 20 years.

Currently there is an inspector of co-operatives in one province who utilizes the Xouzous as a base for developing thrift and credit co-operatives. He has been successful as noted in the United Nations report.

Perhaps if this expert had not been forbidden in Algeria 20 years ago the Algerian movements would have been much more successful by now.

Another example. I went to Ghana for the first time in 1962/63 and at that time there was a secretary-general of co-operatives for in northern Ghana, in the upper region. Some development was in process but very few people in Accra knew anything about what was going on.

When I arrived in this area with all my experience, if you had stopped me and said : « Let's set up a credit union here », I would have replied : « No, you're going to waste your time for nothing ».

I travelled through the whole region. In the south they knew nothing about what was going on but I observed 6 credit unions being organized there.

This is an area of peasants or small farmers, corn and millet and nothing in the dry season. In this northern region of Ghana almost \$ 400,000 have been distributed over 12 thrift and credit co-operatives and those of you who know Africa will know what I'm talking about. There are many dry seasons with little rainfall. In upper Ghana there isn't one possible spot. Everyone said so yet they managed. There's a way to go, of course !

\$ 200,000 are currently invested in treasury bonds. Development has not yet reached the point in this region where people can actually mobilize capital and put it to work but they will get there.

I must also tell you about the Kikuyus and Cuna International in Latin America. What happened there by increasing the capacity of people at all levels to manipulate money? They were taught to use money more wisely. If the goal is to make 5 %, with thrifty habits 3, 4 or 5 years are all that is necessary to accumulate the capital that can then be loaned.

This is the kind of thing that must be done to establish saving and responsibility which in turn will constitute the basis of a successful loan policy for these people. This is the basis of the agricultural development program through thrift and credit you have been hearing about.

One problem confronts us all too often : people are too much in a hurry. If you aren't able to obtain credit to put at these peoples' disposal in 3 years you had better not even begin. But just remember that these people have been in the same situation for 500 or 1000 years and you will realize that you're spending only 7 years to develop the capital of thrift which is the basis of any economy, responsibility and the beginning of the development of human resource.

I have nothing further to say. There are thrift and credit problems to be patiently resolved. All I ask of you is to have confidence and faith in these people who have proved their metal and shown what can be done.

Mr. PAHADIA

Ministry for Agriculture, India.

I am very grateful to you for giving me the opportunity to participate in this conference and to present to you my country's views on the subject under discussion.

India greatly values the co-operative movement and my presence here among you is an indication of the deep interest that the government of India takes in the problems of co-operative thrift and credit in the country's economy.

We feel sure that the deliberations of the present conference which has brought

together the heads of co-operative movements of the developed as well as the developing countries will prove very useful in the solution of our own problems.

The three exposés which you received some time ago, the information and statistical data on co-operative credit institutions in India are contained in these documents. I am not therefore, going to ply you with details on development, manpower, available funds, deposits, loans etc., on the different levels of co-operative credit structure. I will limit myself simply to speaking to you of India's approach to these problems and their solution.

I was not fortunate enough to have heard brilliant exposé made yesterday by the Governor of Minnesota, Mr. Orville Freeman, former Secretary of Agriculture. He seems to have emphasized the problem in the 70's as well as that of finding work for the millions of people for whom finding food was the chief problem of the 60's.

He emphasized the fact that the small farmer cannot afford to be a simple observer of the Green Revolution that is going on all around him but must participate actively. He must realize the necessity of achieving a decent standard of living for himself and his family.

India is a country of small farmers. It is not merely a question of giving the small farmer the possibility of improving his standard of living but of achieving social justice. Reducing the disparity between the rich and the poor is of interest to all of us. This is the policy my government is pursuing and I am happy to report that the agricultural credit institutions of my country have already succeeded in changing their loan policies and procedures so that the intangible security of the land is protected, so that the problem of production of the individual farmer determines his chances of obtaining short, long or medium term credit. Following this, the peasant has a right to credit.

Thousands of small farmers who own 3 acres of land are financed today for digging wells, installing pumps etc. and a multiple crop system additionally will help the farmer to meet his own needs.

The government of India recognized the urgency of directing this whole aid program in a positive way for the small farmer. What he needs is real assistance in choosing his crop, the appropriate fertilizer, etc. If he can be given this, the loan institutions will be reassured and encouraged to make loans to him since this agricultural procedures are being closely supervised.

We recently decided to set up in chosen districts in each State what is known in our country as a land development institution for the small farmer.

We also decided to create 46 institutions of this kind throughout the territories for our 4th Five Year Plan.

Another program is also important for the marginal farmer's land development institutions. By marginal farmer is meant those who are not fulltime farmers.

We have also come to understand how wisely credit can transform the life of the small artisan, the small merchant and we are emphasizing these needs so that the loan institutions do not overlook their needs.

National banks and co-operative banks furnish many credit possibilities for neglected sectors of the economy. The government decided also to give loans to small artisans and merchants; institutions have been organized for this purpose and will soon be in operation.

From the small producer's point of view, commercialization and transformation of the product is of great importance in getting good prices. We have therefore actively sponsored the organization of farmers' societies.

If the said farmers are consumers living in urban or suburban regions it is important they receive what they need at the best price. They will require financial assistance.

Our government believes that the co-operatives are the best loan institutions for rural areas and we have set up plans to give liberal assistance to these small farmers in order to reinforce their registered capital and to permit them to buy necessary machinery.

You know that the Reserve Bank of India, still lends positive support to co-operative credit institutions which, in turn, finance agriculture at a low rate of interest. I will just mention the fact that 2/5 of the total loans in agricultural credit furnished by the co-operatives come from funds supplied by the Reserve Bank of India.

Plans have been made for the expansion of credit by the Reserve Bank in order to encourage agricultural operations in turn. But the Reserve Banks must not be depended upon exclusively. Their share of responsibility must be reduced gradually and the co-operative banks take on more and more.

The mobilization of thrift within the community is not to be neglected. Though the importance and merit of the co-operatives are recognized in the country it must also be admitted that co-operative credit institutions at least in certain parts of the country suffer from administrative and financial weakness and cannot therefore, answer the ever growing needs of intensive agriculture.

The short, medium and long term loans are expected to amount to 40 million rupees but the need is far greater. Recognizing the disparity and the need to be fulfilled, the government adopted a method of grouping several institutions, co-operative and commercial banks both nationalized and unnationalized. The two banking sectors decide between themselves upon the best method of helping the small farmer and Indian farmers in general.

Mr. Chairman, I have described in some detail the way in which we are trying to answer the needs of the 70's with respect to providing the great masses of people with stability to enable them to improve their standard of living.

We are aware of the fact that if the farmer and the little artisan cannot resolve their problems prosperity will not increase along with the welfare of the whole population.

I was extremely interested in the different presentations on educating youth with respect to co-operative principles.

We have several programs for educating personnel of the co-operatives and their members. We have also taught co-operative principles in the schools but I fear that our programs are not directed to the young and are therefore incapable of inculcating the notions of co-operation.

I have asked the President of the National Co-operative Union of India to give some thought to this important question. I myself am but too aware of it. I thank you for having listened to me so patiently and especially, Mr. Chairman, for having given me the opportunity of speaking before you. I wish you the greatest of success in your discussions.

Mr. Bernard LECOMTE

France

I wish to put four questions to the meeting, after making two remarks of a general nature.

Having read the very well documented and accurate reports submitted, — particularly those of Mr. Saxena and of Mr. Belloncle, and having gained practical experience — not in South-east Asia but in Africa — I was impressed by a number of characteristics in a general context.

I would like to say that we are going to do co-operative work because our peasants are poor; but such a thought, although not likely to drive us to pessimism, is cause for reflection. Is it because they are poor that we want to promote co-operation among them?

The general context of poverty within which attempts are being made to determine how the co-operative concepts may be used as a basis for development is a general context of « étatism » or state control, — I would even prefer to refer to it as « state tutelage ». Whatever the political regime may be or the nature of the effort exerted in the promotion of developing countries, it is generally and everywhere the State which takes over the problem and the task of organizing, — particularly in the case of rural development.

This is a fundamental problem, having regard to the voluntary nature of the so-called « co-operative » movement.

Another consideration in the same general context : the tutelage I referred to very soon tends to become monopolistic, due to the fact that all of the developing operations are handled by single agencies, so that little by little the peasant has but one interlocutor.

Lastly, I would call attention to the « external » character of the impact on the peasant community.

All of these characteristics are, from the very outset, relatively and structurally contrary to the co-operative principles and pursuits. This is my first remark.

I am now coming to my second comment, which refers particularly to the papers presented by Mr. Saxena and by Mr. Belloncle. Speaking of credit co-operatives, they no longer perform a function of mutual credit alone, but have in fact become global development co-operatives, which do not merely set up and organize credit and saving facilities but are gradually led to lend a hand to all of the development efforts, primarily those pertaining to production, to marketing, and in some cases to consumption.

We are, therefore, increasingly engaged in integrated operations; the term « integrated » is borrowed from Mr. Saxena's report, but he refers to integrated credit whereas I would rather speak of integrated operations aiming at global or all-inclusive development.

Having regard to this background, — on one hand general tutelage and on the other hand the necessity of integrated action in the rural community's favour, I would like to ask four questions, — questions which I am putting to myself in my capacity of adviser to a consulting engineers' co-operative working in Africa.

My first question is : What about managers to be put in charge of co-operatives ? The topic of co-operative personnel is often raised, but being directly connected with a co-operative, I have become more conscious of the importance of co-operative management.

An analysis purporting to evaluate the men in charge of co-operatives in Black Africa would convince anyone that this question of management warrants a close study. It is doubtful whether many truly competent managers could be found there; it is almost certain that one would find bureaucrats or « quasi-officials » in charge of co-operatives in those countries.

To my mind, this is an urgent problem. How are we to locate good managers ? Are there at the present time any educated farmers or farmers' sons, — particularly in the African countries with which I am fairly well acquainted, — who would be willing to remain in their own villages as co-operative supervisors ? Will we be able to find such men in the near future ? We would have to require of them the self-denial virtues of a saint; we would have to ask educated individuals with a capacity for self-development, who are anxious to amount to something, who could betake themselves to a city and get a job in local government, to stay in their village and to live the same sort of life as their peasant brothers.

If co-operative are to survive, they will require the right type of managers. Will they be found ?

My second question is one that worries me.

The tendency to emphasize production capacity in the reports which we have read leads us to believe that credit facilities should be reserved for basic objectives, implying that these are constituted by investments intended for production purposes. If we apply our mind to this as normal, sensible human beings, we soon come to realize that what makes for the developed countries' advance is essentially the factor of consumption.

Speaking for myself, I must admit that, at the present time in the Camerouns, we come up against this obstacle; it also has been, — and still is, — a stumbling-block in Senegal. What form does it take ?

Hitherto, the private merchant who was — some would say « sponging », others will say living — on very friendly terms with a certain milieu, was supplying at rates which might be termed usurious (though Mr. Belloncle explains that they represent the cover of a risk), and was providing certain elements, such as production elements, but above all was solving for the peasants the problem of additional income they badly needed for some family event or other celebrations.

Should we dismiss from our mind the thought of such celebrations or consumption requirement ? Or should we not rather regard them as expenditures justified by development ? Are we too deeply rooted in our westernized concepts to notice that we are applying to those developing countries credit policies centred on production, while we are living — as evidenced by the clothes we wear, by the cars we drive — in an economy geared to consumption ?

My third question, — also one that is disturbing to me, — relates to the problem of global or all-inclusive development.

Global development means, at the level of the village or of a group of villages, that all of the functions of development will be assumed by one and the same organization. Let us call this organization a co-operative, let us assume that it operates efficiently, the fact remains that, in each and every village, there will be a powerful organization handling everything, from womens' emancipation to employment creation, from productivity to the placing of children. To all intents and purposes, it is a monopolistic procedure.

Is this procedure, — which eliminates competition, — a sound one ?

The question can be put in this way : Is it beneficial to a community to have to deal with but one single organization in a given village ?

This question, which I have raised at the village level, could well mean that, should a village be in the bad books of the co-operative's president, it would immediately be relegated as unfit to be developed. The question can likewise be raised at the regional, and even at the national level.

Is there not a risk that this monopolistic tendency and the afore-mentioned tutelage might bring about negative results ? Should not some form of competition be allowed to co-exist ?

This is a problem which is becoming acute in the Cameroons and which is also being experienced in Senegal. Where a co-operative that runs the whole show happens to be mismanaged, everything is bound to go to rack and ruin.

My fourth point has to do with co-operative economics and stewardship.

We are confronted, at the present time, with a phenomenon of dichotomy. As soon as co-operatives attempt to operate on the basis of the increment value of their production, they make a refund of fertilizers or of some farm work, by virtue of the fact that they have sold something. They are perforce, therefore, of the economic type.

But co-operatives of this type are being backed up by some form of outside assistance, such as a marketing board or a sales promotion organization. Mr. Belloncle and Mr. Saxena have shown that they must come to that.

We find that, generally speaking, these organizations do not tie-in their lot with the profit they have caused the peasants to earn. They are in most cases being financed by the State. Whether they are official or quasi-official, they actually operate on a budget. Whatever the outcome of their activity may be in a given field or community, their fate is not linked to that field or activity.

To some extent, whether the basic co-operator's income may increase or decrease, this does not affect the privileged tutelage organization.

Is there a possibility of some link being devised between the necessary tutelage organizations and the (likewise necessary, shall we say) co-operatives, so that gradually the tutelage organizations would take the same risk as the co-operators ? In other words, so that they will have an interest in the operation's success and in ensuring that their own income is linked up with the improvement of the peasants' income.

My purpose was to submit these four questions with a view to getting your reaction, not forthwith, but on the occasion of the next meeting.

Mr. THIAM

Minister of Agriculture for Senegal.

I should like to set Mr. Belloncle's mind at rest : we Senegalese do not regard criticism as gratuitous or uncalled for. He lived in Senegal, he witnessed our experiment at great length; he lost his heart to Senegal and to-day we Senegalese, — somewhat in the manner of imperialists, — regard him as an outgrowth of Senegal, for he is now engaged in carrying the good word to Niger, — an endeavour which is on the point of being successful.

This we consider to some extent as our own achievement. His criticisms, therefore, are welcome.

So much for that. I shall now deal with another problem which he has broached, namely the question of joint guarantee.

In the developed countries, and generally wherever co-operation is practised, the tendency is to consider joint guarantee as being a basis factor of the co-operative system, particularly because of its moral aspect. Mr. Belloncle suggested that this joint guarantee could only be effectively applied if co-operatives are established at the level of the village, or even at the level of a section of the village in the case of larger villages.

This presents a fundamental problem, and a difficult one. It must be considered from different viewpoints.

If it is considered from the standpoint of the banking system, you are well aware that, in every country in the world and under every form of government, the banking system, — whichever it may be, even mutualist, — complies with some definite criteria. I must lend, pay back, refund, etc., failing which the system collapses.

Starting from this premise, it may be deduced that, in a new developing country, the sort of credit system to be implemented should permit loans to be cleared up under more speedy conditions. It is for this reason that, in our country — Senegal — particularly at the outset, the system was planned around inter-village co-operatives.

This was the first reason, namely credit.

There was an additional reason. Concurrently with being engaged in establishing co-operatives capable of operating efficiently, we concerned ourselves with regional planning on a rational basis.

We are a developing nation, with relatively limited means at our disposal; we have between 13.000 and 14.000 villages; we cannot, therefore, contemplate setting up in every village the required infrastructures, such as stores, schools, hospitals or welfare centres, etc.

Accordingly, in developing our regional planning, we started from the co-operative, or rather from an area of co-operative activity.

But where Mr. Belloncle is quite right, — and this has been demonstrated by experience, — as long as climatic conditions were normal, the system operated nearly as it should; when, however, climatic conditions proved particularly unfavourable, the system « jammed », because we found that in certain villages farmers paid off their debts regularly, whereas in others debts were not being paid off. The villages where debts were being cleared off regularly would not, of course, consent to being penalized on account of other villages which, after all, belonged to the same co-operative. This unquestionably presents a problem.

We must even go one step further.

I recently made a tour of over a month through different villages in Senegal and found that the problem exists not only at the village level, but also within the village itself. There are farmers who are reliable producers and who pay off their debts; whenever they cannot pay, it is due to adverse climatic conditions or because they could not harvest their crops normally. But in the same village, there are dishonest peasants who systematically refuse to repay their debts, relying on the joint guarantee.

They take the stand that « we can go on being dishonest, the others will endure the inconveniences of the collectivity; we shall be taken care of by them ».

This is where we again come face to face with the problem of education, — education in behaviour.

I think it would be unwise, in countries such as ours, to come up with theories or with a ready-made scheme. We will have to work up from factual bases, taking advantage of the experience gained in other countries as well as of our own, mindful of the objectives we have set for ourselves and proceed pragmatically. We must draw upon the lessons of experience at every step.

The Senegalese co-operative system, at the inter-village level, has worked successfully under certain conditions, while under other conditions it could not operate. We are engaged in implementing another system, — concurrently, in fact, with the original system, — intended to reach not only the level of the village or of the section of a village, but even the co-operator himself.

At present in Senegal, we have introduced a scheme which makes it possible to « individualize » the overall accounts of each co-operative member. Is it reasonable to assume that this improvement will solve all of our problems? We do not think so. We realize that to-morrow will bring unforeseen circumstances and that we will be confronted with further difficulties.

We will have to bring ourselves to overcome the difficulties as they arise, whatever they may be, so that the farmers, by being better educated in theory and better trained in practice, may be enabled to effectively solve their problems.

So much concerning ourselves and the question of joint guarantee.

There is another point I would like to bring up. In Senegal, when referring to co-operatives, we do not only have in mind agricultural co-operatives. We also have fishing co-operatives, as well as livestock breeding co-operatives.

As regards fishing, for example, I may tell you that the « landings » registered in Senegal during 1969 reached a volume of about 162.000 tons of fish. That is quite some volume, I dare say. By way of comparison, the « landings » in France for the same period were in the neighbourhood of 600.000 tons. And whereas France has a population of 50 million, Senegal only has 4 million inhabitants.

Out of these 162.000 tons of « landings », the fishermen belonging to co-operatives accounted for no less than about 120.000 tons.

Two things must be achieved : build up an organization and change the farmers' mentality. There are other problems also. Only by taking into account the difficulties and problems encountered in the sector of fishermen's co-operatives — or in the quite different sector of livestock breeders' co-operatives — will we be able to achieve gradual progress towards solving the problems of the farmers' co-operatives.

Finally, we are attempting to implement a co-operative system — or a system based on co-operation — within which various functions are to be filled, such as providing supervisory and training staff for the rural population.

Our farmers are under-developed for the very reason that our techniques — and particularly our agricultural techniques — are archaic. They should be modernized. We must have a tool enabling us to instill progress into the farmers' community.

We thought that co-operative action would provide this tool. But it is not the only action required.

It is essential that we find by what means, by what training methods we can achieve progress. Credit facilities are only one factor, supervisory staffing is another important requirement.

There are also additional tasks to be undertaken. Senegalese do not live by bread alone, — the mind also matters. Cultural activities are of the utmost importance, indeed they are fundamental, and we firmly believe that such activities should be integrated within the general scheme which we want to set up.

That is broadly, without going into details, what I wished to add to what has already been said. It should be understood, of course, that the Senegalese experiment is an « open » experiment. We are prepared to welcome anyone wishing to visit Senegal for the purpose of seeing what we are doing; we shall be only too glad to accept any kind of assistance and to share our experience with others

Mr. CLOAGUEN

from the Fishery Co-operatives Movement, France.

The participants' speeches bring forth the conclusion that developed countries must aid developing countries on the level of technical assistance in the field of mutualism and co-operation.

I would like simply to draw your attention to the fact that it appears more difficult to obtain credits for technical assistance than when a developed country must grant credits for the purchase of equipment.

I can say that in the field of sea-fishery it is relatively easy for developing countries from Africa or Asia to obtain new equipment, boats, engines or refrigerating installations. Experience has proved that it is more important for the fishermen in developing countries to obtain a technical assistance that is given by qualified and impartial professional men.

May failures would have been avoided, since nothing is more disheartening for a professional man than to receive equipment which is either inappropriate or cannot be used through the lack of technicians or yet through the lack of after-sales service.

To conclude, I would like to introduce two suggestions :

The first suggestion : that a sizable portion of the credits granted by developed countries to developing countries be allocated for a technical assistance organized by the professional and co-operative organizations of the developed countries and their opposite numbers from the developing countries.

The second suggestion : in order to improve the contacts between fishery professionals from developed and developing countries, I suggest the intensification of training periods for professionals on board fishing boats belonging to our own craftsmen.

As for us, co-operative ship-owners, we stand ready to receive a number of young fishermen from Africa or Asia and to show them on board our ships the various crafts we practice. Language barriers do not exist, since fishermen from all the world can understand each other thanks to the sense of observation all fishermen share.

Mr. de CANSON

from the Credit Maritime Mutuel, France.

The speeches delivered this morning, and more particularly Dr. Saxena's speech, have underlined the need for developing countries to carry out efforts, to establish integrated credit formulas that enable, within one organization, meeting both the individual and professional needs of farmers in particular, as well as all the needs for collective equipment.

I thought it would be interesting for the Congress to listen to some explanations relating to the Maritime Co-operative Movement in France, which in certain aspects closely resembles the problems raised this morning.

The old fishermen, those who lived in the nineteenth century or who at least were familiar with the situation prior to the 1914-1918 War, have told that the situation of fishermen in France at that time was to some respects similar to the situation presently existing in developing countries.

French fishermen were an un-organized, practically illiterate mass, deprived of financial means, and such as that described by Dr. Saxena.

Most fishermen depended on the fish-monger, a trader who acted the role of supplier of funds, supplier of fishing gear and buyer of the catch.

The organisation of maritime mutual credit, which was set up immediately after the First World War essentially for the purpose of mechanization of fishing, may well be an example of integrated credit. We have endeavoured to set up most co-operative and mutual organizations that enable fishermen to find a solution to all their professional as well as family problems .

It can be said that there were several difficulties from the very beginning. Problems relating to the executive managers have been most difficult in the supply as well as the marketing co-operatives, and failures registered in the period between the two Wars have been extremely spectacular and have been deeply felt by the fishermen.

It is only recently, some twenty years ago only, that a new start took place in the maritime and credit co-operation, with the establishment of numerous marketing co-operatives.

I shall mention the case of the cannery co-operatives which, together with the National Union (Syndicate) of Fishermen have a yearly turnover of approximately 50 million Francs, representing 7 to 8 % of the entire French production of fish preserves.

I shall also mention the creation of the « Union Nationale de Coopératives de pêcheurs artisans français » (national union of French craftsmen-fishermen co-operatives) which is quite recent and allows the basic co-operatives in France to have the possibility, in the national market-places and mainly at Rungis, to sell their catch under the best possible conditions and in any case to control the mechanics of the sales of fish products.

In parallel with this effort at co-operative organization, we now have approximately one hundred maritime co-operatives in France. The leaders of the mutual and co-operative organizations have developed the mutual maritime credit banks and have, for the past ten years, made a great effort to collect the savings of fishermen.

At the start, mutual maritime credit received a substantial help from the State : most of the long term credits granted through the co-operative credit came from State authorities.

But, for several years, we have witnessed an important movement aimed at collecting savings. It can be said that the savings collected, when added to the banks' capital, largely exceeds the funds loaned by the State.

To conclude, let us say that a Confederation of mutual maritime credit organisms has been created which, along with the credit institutions and Caisse Centrale de Crédit Coopératif enables us to have an organism which is representative as regards the public authorities as well as on the international level, a fact which allows French fishermen to belong all together to one large family.

Dr. SAXENA

Director of the I.C.A.

I feel somewhat uneasy, first of all because of the shortage of time; the President has told me that I have only seven minutes to reply to the debate.

I, therefore, hope to be able to touch on some of the more pressing problems which have been raised during the discussion, but leave out the purely descriptive parts.

One of the problems raised was the relationship between long term credit and short and medium term credit. I did not refer to this in my statement and I am grateful to the President of the National Co-operative Union of India for having underlined the importance of long term credit for short and medium term credit to succeed.

The very wide agricultural changes which are taking place in certain developing countries have been mentioned : I think this question has not been emphasised in the course of today's discussions, partly because Mr. Freeman spoke about it the other day. But I think one must emphasise the fact that, with these changes — and Mr. Freeman has referred to the « green revolution » — the demand for credit will increase. The question of finding further resources will have more and more importance.

Mr. Belloncle has given us good examples of the thrift potential in developing countries : how, in short, one could mobilise the savings.

I have been particularly interested in the research undertaken by Mr. Belloncle. I have managed to read his paper which has been submitted to the Conference. I think he was right in attracting our attention, once more, to the question of property right in the land, which is really fundamental for agricultural development.

The transition from the « traditional » to the « modern » guarantee has been referred to, in particular, by the Minister from Senegal, His Excellency Mr. Thiam, who has drawn our attention to the fact that in cases where regional, rather than purely local development is considered, the question becomes complex.

But what one missed in the interventions was a reference to the urgent need for extensive education programmes which must be an indispensable condition for any successful development. I was, therefore, very happy that His Excellency Mr. Thiam and Dr. Brossard spoke to us on the question of training. I have not gone into this problem in detail as I know that this subject will be discussed at another session.

Another important area which has been raised, explicitly in certain cases, implicitly in others, is the relationship between credit, production and marketing and the justification for multi-purpose societies to achieve an integrated approach.

Two elements have been introduced, one by the Minister from India and the other emphasised by Mr. Cloaguen : two different elements, one relating to artisans and I have not talked about that, as the problem should be considered separately, and the other regarding fisheries.

In the case of fisheries, two suggestions have been made, one regarding the extension of training possibilities; this is very important and our ICA Fisheries Sub-Committee, of which Mr. Lacour is President, is very interested in this problem.

The other suggestion relates to the creation of an international organisation for technical assistance, made up of co-operators and tradesmen, in the developed and developing countries.

I was also very grateful to have learnt of the experiment of integrated method as applied to fisheries described by Mr. de Canson.

Reference has been made to the tutelage of the movement. I do not know the French word, but the word « tutelage » in English has a rather special meaning. There is the problem of the relationship of the governments with co-operative movements, which is a very wide subject. We have held many meetings devoted to this subject. I shall say very briefly that what is necessary in this case is that the government understands that it should not entrust the co-operatives with jobs for which they are not equipped. I think that is essential, as we can kill a co-operative organisation by entrusting it with a job for which it is not ready and which it is not willing to undertake.

The second matter which must not be forgotten, and I say this above all from the government's point of view and because at least two Ministers are among us, is that the co-operative organisation at the basic level is in itself a planning instrument. That is why it is competent for reflecting the aspirations and needs of the members. One must never forget this factor when formulating policies at the higher government level.

Questions have been asked regarding leaders, managers, civil servants, the

problem of new techniques, the production of material, the way of approaching members in places where illiteracy is widespread. We have not talked, I think, about correspondence and radio courses. This is done in Africa, especially in East Africa, and I hope we shall bring this up again when we tackle the education aspects.

We have also talked about the question of co-operative economy and the relationship with outside institutions. I confess that I have not clearly understood this question.

Finally, please allow me to say that it has been recognised by all the speakers that the thrift and credit co-operatives can make an important contribution to the process of development both from the economic and social points of view. The development of thrift and credit societies is not a mechanical process. We are dealing with human beings and the possibilities of experimenting, of continuous changes in our methods in the light of our experience, are important considerations to be kept in mind.

These were, I think , a few of the most important points raised during the discussion.

INTERNATIONAL AID BY CO-OPERATIVE THRIFT AND CREDIT TO THE DEVELOPING COUNTRIES

Mr. SHIPE

CUNA INTERNATIONAL, U.S.A.

In considering recommendations on foreign assistance programs of the developed countries, the people responsible for them will undoubtedly encounter many moving appeals such as this one, voiced by a leader of one of the less developed countries in Latin America :

« Our caste system is keeping us down. Moreover, it can't last. Before long, even the remotest villages will see the world on television and realize what they lack, materially, and will see social systems that will open their eyes to their depressed status. The pressure of jobless millions crowding into our cities will cause radical change, one way or another. Help us to organize our people into some semblance of a viable society, able, however crudely, to manage these problems before it is too late to prevent catastrophic violence if in fact, it is not already too late. »

Efforts in the past by the developed countries to respond to such needs with assistance have met with both success and failure. Hopefully, they have at least gained deeper insights to the resources that are required to help the less developed countries move forward with their development.

They have certainly learned that the most serious deterrent to development in the less developed countries is the inadequacy of their own human resources. The lack of skills, motivation, involvement and capacity to perform on the part of their own people is a far more serious problem than their inability to obtain external resources.

In the efforts to assist them, no one can claim to possess infallible truths of the development of human resources. But we can show that we are beginning within the developed world, to confront problems of poverty, welfare, alienation of youth, metropolitan chaos, rural disintegration and others in ways that admit the existence of problems and that give promise of working through to needed reform.

Actions on human problems taken in the developed countries are not necessarily guides to actions in the less developed countries but they are evidences to those who labor for reform in those countries that we can be worthy partners in their efforts. Together, we might even forge a « Partnership for Progress ». This, at least, will do much to overcome the paternalistic attitudes which often have characterized some of the assistance programs in the past.

This partnership approach in dealing with their shortages of human resource will not require a dramatic shift in the present methods. It will, however, require a shift in the assistance « mix ». It will be necessary to cease pouring

the overwhelming preponderance of the assistance into economic development with only a few crumbs left over for social development. Instead, we will face up to the fact that it is only through social development that a less developed country can organize and enlist the energies of its people to do the job. Then, we will begin to allocate an increasing share of the foreign assistance to this type of effort.

There have been significant evidence in recent years of an increased awareness of the less developed countries need for social development. In the U.S. for instance the following actions are noteworthy :

1. 1961 — The Humphrey Amendment to the Foreign Assistance Act.

This amendment expressed the intention of Congress to assist the less developed countries develop co-operatives, credit unions and saving and loan associations. Each of these types of institutions offer specialized facilities for social development.

2. 1966 — Title IX to the Foreign Assistance Act.

Through this provision, Congress directed the Agency for International Development to step up its efforts to help the Less Developed Countries utilize social development as the principal means of increasing the participation of people in self-help efforts.

3. 1968 — Social and Civic Development Division — Latin American Bureau of AID.

This division was established to focus attention upon the urgent need for social development and to make increased assistance available for this purpose throughout Latin America.

4. 1969 — Inter-American Social Development Institute.

The Congress has authorized and appropriated the funds for this Institute.

The legislation provides that \$ 50 million of U.S. foreign assistance in 1970 be allocated to the establishment of the Institute and that most of the programs which are now located in the Social and Civic Development of the Latin American Bureau be transferred to it. By Executive Order, \$ 10 million was transferred from The Agency for International Development funds, as a first step in implementing this new program.

5. 1969 — AID-CIC Conference on Institutional - Building and Technical Assistance.

This two day conference convened by AID's Bureau of Technical Assistance brought together professionals who have formulated a pioneering model of « Institution - Building ». It promises to be of considerable value to both AID and the Less Developed Countries in their joint efforts to speed up social development.

These five actions indicate the increasing response of the U.S. Congress and AID in recent years to the Less Developed Countries' needs for social development.

In addition to this, several other developed countries have initiated programs of assistance to social development to the Less Developed Countries at government level as well as private organizations. Noteworthy in the development of credit unions as one example of social development are the efforts of such agencies as the United Nations Development Programme, The Canadian International Development Agency, as well as those of the Catholic Relief Services, The Raiffeisen banks of Europe, Konrad Adenauer Foundation, Misereor - The German Bishops' Fund, and the Boerenteenbank of Holland.

In carrying out this new concept of help, these organizations are supporting several unique programs including one for the transfer of credit union knowhow to people overseas.

In 1962, the Agency for International Development initiated a program of contracting with CUNA International, the worldwide association of credit unions, to assist low income people in the less developed countries organize and operate credit unions. This enabled CUNA to step up the efforts it had been making since the early 1950's to develop credit unions. The results have been most encouraging. By the end of 1969, credit unions had made four significant contributions to social development in 12 Latin American countries in the following fields of endeavour :

1. *The Mobilization of Local Savings.*

Credit unions have exploded the age old myth that « poor people can't save money ». The following figures prove the opposite :

	1962	1969	% Increase
Total Savings :	\$ 6.5 million	\$ 75 million	1,154 %
Members :	165,000	900,931	577 %
Average Savings Per Member :	41.66	83.25	200 %

These results indicate that substantial amounts of money can be mobilized when masses of low-income wage earners and farmers become participants in the savings process. In Bolivia, for example, savings in credit unions recently exceeded the savings in all of the commercial banks of that country. Of special interest is the fact that within the first five years of the CUNA/AID Programs, \$ 25.00 of local funds are mobilized for every \$ 1.00 of AID's assistance for credit unions development through CUNA contracts.

2. *The Supplying of Production Credit.*

The loans made by credit unions with these savings reached a cumulative total in 1969 of \$ 244 million. Most of these were short-term small loans to farmers for the purchase of seed, feed and hand tools. In a pilot project in Ecuador, such farmers increased their production 150 % over a period of three years. This unique program of Directed Agricultural Production Credit has now been introduced in six Latin American countries, Bolivia, Panama, Costa Rica, Nicaragua, Dominican Republic and El Salvador, and will also eventually be initiated in Africa and the Far East.

3. *The Building of Democratic Institutions.*

The number of credit unions increased from 630 in 1962, to approximately 5,000 in 1969. Each of them is controlled by its members on the basis of one member — one vote. The exercise of this right in member meetings has given thousands of poor people their first experience in the use of democratic procedures, and has incorporated them into the economic and social life of their countries.

4. The Training of Managers.

The operation of credit unions in Latin America at the end of 1969 required the training of more than 50,000 directors, committee members and staff members. This « in-service » training begins with the development of elementary operational skills but moves progressively to more sophisticated financial and organizational management. Such training increases the manpower resources of a country at the local level, the level at which manpower resources of a country at the local level, the level at which they are most desperately needed for all types of selfhelp activities.

The progress of credit unions development in Latin America has been most encouraging to all parties concerned. For example, William S. Gaud, former Administrator of The Agency for International Development, recently commented in a memorandum :

« CUNA has been very effective in the development of credit unions in developing countries — particularly in Latin America.

« I have never been clear why we have not done more to encourage growth of institutions of this kind outside of Latin America. Credit unions and co-operatives can play an important part in capital accumulation, in institution building and in management training... Furthermore, they are not expensive programs to run in terms of either personnel or dollars. »

Other officials of several agencies have asked why their organizations have not provided more assistance for the development of credit unions outside of Latin America. From the outstanding progress which has also been made through a CUNA/AID contract in Tanzania, as well as other programs in Africa, they know that credit unions will succeed elsewhere.

No further experiments or pilot projects are needed to prove that there is a readiness on the part of people in many of the other less developed countries to develop credit unions. But many agencies have not seen fit to give this type of program the priority required for it to maintain more than a modest rate of expansion.

Due to the importance of enlarging assistance programs of development to the Less Developed Countries, it is desirable that all the co-operative institutions of the developed countries give such programs higher priorities in the future. In doing that the following observations on the advantages of the programs mentioned may be of some value :

1. Social Development and Economic Development.

Both types of development are needed. But many of the economic inputs for highways, power and other large infrastructure projects can be handled by the World Bank or the Regional Banks with a high degree of competence. These institutions are able to obtain an increasing proportion of their funds from the commercial money markets of the developed countries rather than from Government appropriations. Although the need will continue for a substantial portion of foreign assistance funds to be used for economic development, this fact should not obscure the even more urgent need of the Less Developed Countries for social development.

This need requires assistance in the operation of local and national institutions ;

institutions in which low income people may develop and mobilize their own human resources. If their self-help efforts encounter opposition from vested interests, they will then be able to use the institutional power they have generated to overcome the restraints and move forward to increased self-sufficiency.

This has been done in many parts of the world. For example, the poor, bypassed people of Nova Scotia, Canada, used all of these basic elements of social development to pull themselves up by their own bootstraps during the 1930's and 1940's. The poverty of these people had reduced them to hopelessness and despair. They waited in abject resignation for relief from the government; a government which seemed unable to do much more than to conduct investigations of their plight.

Father Coady, who headed the Extension Service of St. Xavier College at Antigonish, became so frustrated in his efforts to educate these dispossessed people through orthodox methods that he evolved a new approach. He faced groups of them at what he called « block-busting » meetings. In a booming voice, he admitted their plight, deplored their abject reliance upon government for relief and exhorted them to use whatever they possessed to help themselves. He awakened and challenged them with his belief that they were « Masters of Their Own Destiny ».

These people responded to Father Coady with a totally unexpected eagerness. They got together in weekly meetings of neighbours to study various methods of improving their situation. Recognizing that their lack of money was a chief cause of their helplessness, they decided to pool whatever they could save from their meagre incomes. From the Extension Service, they found that they could gain many advantages in doing this by organizing a credit union.

First, they used their savings in the credit union for loans to help each other get out of the clutches of usurious money lenders. Next, they were able to borrow money for emergency and essential expenditures at reasonable rates of interest. Soon they also began to discover that they were pooling far more than their savings; they were also pooling their abilities to build and to operate a new institution. And in this institution they gained first hand experience in the use of money as « power » for social reform.

This process prompted the government to pay increasing attention to the needs of the area; it built roads, schools, hospitals and other infrastructure facilities. The development of Nova Scotia moved forward, gradually bringing the people living there into a fuller partnership in the progress that was being made by people in other parts of Canada.

2. Transfer of Institutional Know-How.

A higher priority for social development will require, among other things, that much greater attention be given to institution building than foreign assistance programs have given it in the past. The developed countries possess a great reservoir of institutional know-how, which can be transferred to people in the Less Developed Countries. In order to do this, however, several of its unique and distinctive characteristics must be identified.

a) The Supply of Know-How.

The greatest single reservoir of institutional know-how is within the existing institutions. This truism is frequently ignored. Certainly there is far more

knowledge regarding the organization and operation of credit unions and other types of co-operatives within the co-operative movements in the developed countries than there is elsewhere. That it can be effectively transferred to the less developed countries is conclusively indicated by the statistics cited above.

The same is true of many other types of « peoples » institutions throughout the conglomerate of the developed countries. U.S. saving and loan associations have transferred their know-how to a number of less developed countries with outstanding success. Various types of co-operatives, in addition to credit unions, have done likewise. These include co-operatives for rural electrification, consumers, housing, farm credit, marketing and production.

An outstanding example of such a transfer of institutional know-how is now being made by the U.S. agricultural co-operatives; they are assisting their counterpart co-operatives in India construct and operate one of the world's largest fertilizer plants.

The highly specialized and advanced know-how required for this project has been accumulated during the last 50 years by co-operatives in the U.S.A. Each of them was started as a local institution by small farmers, encountered its full share of growing pains but in the aggregate, these co-operatives now manufacture and distribute 28 % of the fertilizer used in the U.S.

In addition to the know-how these farmer co-operatives are transferring to India, they are also contributing \$ 1 million of their own funds to spearhead the fertilizer project. AID is helping with both technical assistance and funding. The Bank of America has offered to establish a syndicate of \$ 55 million of private investment capital, including \$ 14 million from co-operative-oriented insurance companies, to cover the dollar costs of the plant.

This project is proving quite conclusively that there are great unused reservoirs of institutional know-how in the co-operative movements of the developed countries. It can and will be transferred to small people overseas whenever the need for institutions building is given a higher priority by the administrators of foreign assistance programs at the government level as well as among private organizations.

In the U.S. a new method of providing such priority has been incorporated in plans for the Inter-American Social Development Institute. It proposes to increase the participation of U.S. institutions in the transfer of their know-how to the less developed countries. It also proposes that this be done as a private, non-governmental activity with grant rather than contract funding. This new method offers many advantages over the ones which have been used in the past.

b) *The use of Know-How.*

The use of institutional know-how by people in the Less Developed Countries is just as important as its supply by the institutions from the developed countries. Both are required for the transfer of this vital resource. The greatest barrier to the use of such know-how is the lack of education and experience of the people who wish to use it. Quite obviously, people who have barely learned to read and write have much greater difficulty in building credit unions, co-operatives and saving and loan associations than those who have completed the equivalent of high schools.

General education has been given a high priority by the governments of the less developed countries. Several international agencies have provided them

with massive amounts of assistance for this purpose. Progress is being made in the raising of the general level of education. But it is important to point out that specialized educational efforts are being made in many of the less developed countries which contribute specially to the development of co-operatives such as credit unions.

Church organizations, both Catholic and Protestant, have conducted educational programs in the less developed countries for many years. More recently, the Catholic Church has established a number of centers in Africa and Asia which provide advanced training to people in the less developed countries, including training in the organization and operation of various types of co-operatives organizations. It has tended to follow the pattern which evolved years ago in Nova Scotia; starting with elementary training for the operation of credit unions and proceeding at later stages to include the technical specialization required for more complex types of co-operative organizations.

CUNA has worked closely with all church organizations in many of these training programs. It has found that people who have received this specialized training are far better equipped to use technical credit union know-how than those who have not received it. But these emerging leaders also require continuous training from various sources — their government, the churches, and CUNA — in order to keep up with the demands that the operation of a credit union makes upon their limited human resources.

A final word must be added to identify the ultimate beneficiary of the development process outlined in this paper. That beneficiary is the individual human being who becomes involved in the process.

Starting as a limited, fear-ridden member of a submerged social or tribal caste, he joins with his neighbours in a credit union or co-operative to improve his situation. He contributes his ideas, skills and motivations to the efforts of the group. He exults with evidences of progress, he learns to shrug off failures without despair. His situation and that of his neighbours improve. He gains self-confidence. He lifts his sights to wider horizons of action. He begins vaguely to feel, and then to know that he is « Somebody ». He has experienced the spark of human dignity.

Millions of human beings in the less developed countries have already started on this voyage. Millions more are ready to begin. They are our Partners in Progress. The opportunity is ours to move forward with them in the pursuit of human dignity for all.

Dr. Werner SCHIFFGEN

« Deutscher Raiffeisenverband ». Germany.

There are co-operatives today in a great many countries throughout the world in the most diverse economic and political conditions.

Economic conditions and social and political differences between countries and particularly between old and new countries, by force of circumstance influence the structure of the co-operative movement. Of course the Raiffeisen idea of self-help, self-reliance and self-management has general merit. But more specifically it lies in the co-operative principle's capacity for adapting to various socio-economic conditions within a country and is doubtless responsible for the spread of the movement throughout the world.

Despite this, carrying out the co-operative idea in young countries is not always a simple matter. State subsidies must frequently be given to encourage private initiative in the accomplishment of co-operative missions in short order.

The Raiffeisen organization has for many years done much to encourage the creation and development of powerful co-operatives in the developing countries.

Since we are an organization founded on the concepts of self-help, self-organization and self-management, our contribution must, of necessity be limited of training and counselling rather than lending money. It consists actually of training staff and German specialists who then act as advisers in setting up co-operatives in the developing countries. Until recently we had about 35 advisers who were sent to Latin America, Africa and Asia after completing their training.

We also train various specialists from the developing countries during the 6 week seminars we offer as well as in our long-term programs as we said before. In the past few years we have had some 700 foreign trainees who became staff members upon return to their native lands after attending our seminars.

We also offer a 6 to 12 month program for training specialized staff in the theoretical and practical considerations of co-operation. In the United States, England and France this type of staff training is carried on in institutions or universities or special colleges. Length of study is two years. First there is theoretical training. The German Raiffeisen federation carries out its programs under the direction of specialists in exemplary co-operatives, maximum importance being given to this type of training.

In Western Germany credit unions have been created to handle business activities and merchandise. This type of co-operative seems to be the most suitable for the developing countries because of the situation that pertains in them.

The long term training program of the German Raiffeisen federation generally consists of the following :

- 4 months of language training,
- 2 introductory seminars,

- 5 months of practical training in local co-operatives, central co-operatives and associations,
- 1 month of a specialized seminar with excursions, visits.

Two conditions are indispensable in carrying out these programs : the professional capacity of the participants and an adequate understanding of the German language.

During the introductory seminars two months are spent in teaching general corporate problems and the students are acquainted with specialized terminology so that they can then follow the workings of the various German co-operatives. At this point there is always a practical training period in a credit co-operative where the trainee is shown how loans are made and how the savings system works.

The results of the Raiffeisen activities acting on its own behalf and in co-operation with such other organizations as the Konrad Adenauer Foundation or the Fredric Ebert Foundation in the field of co-operatives and its development have shown that these training programs for specialists and staff for co-operatives in Africa, Asia and Latin America have given, not only satisfactory but good and sometimes excellent results.

Remarkable results were only obtained in cases where criteria valid in Western Germany were used exclusively in selecting trainees. In other words, an adequate basic training was found to be the only guarantee of success.

We would like, therefore, to be able to offer a study trip to Western Germany to members of staff who cannot leave their jobs and who cannot be expected to learn the German language in order to take some training. Such a study trip would allow them to become familiar with the larger problems of German rural co-operatives.

For the first time last year we put a special program into effect for 5 foreign co-operative inspectors and auditors. These auditors spent 5 months in Western Germany learning expert accounting as used in German co-operatives.

This year for the first time 15 day seminars in co-operative marketing are being organized. We set up two such seminars in Turkey and similarly in Iran, in Teheran and in Shiraz.

We have also organized training periods similar to the ones in Turkey and Iran in Paraguay and other countries with a view to setting up co-operatives. We attach particular importance to the study of the corporate system in the framework of international agricultural expositions particularly in those countries with which we are working. The recent agricultural fair in Smyrna was particularly successful in this respect or was, at least, very promising.

Raiffeisen indeed created a system which has long survived its time and conquered the world. Its fundamental principles are just as valid today as they ever were. The forms and methods of their application must, however, as in Raiffeisen's time, adapt themselves to the constantly changing conditions of the present.



From left to right :

Mr. MOURET, Manager of Coopamat-France ; Mr. DIA ; Mr. DIOP ; Mr. THIAM, Minister for Rural Development of the Republic of Senegal.



Mr. Orville FREEMAN, Governor of the State of Minnesota, Former U.S. Secretary of Agriculture.



During the Reception given by the town of Paris at the Hôtel de Ville (City Hall). From left to right :

MM. LACOUR, THIAM, D'ANDLAU.



Signing the Paris City Hall « Golden Book » From (left to right) :

MM. PAHADIA, BONOW, DANEAU, SAXENA and CHABRUT, Town Councillors of Paris.



*A Town Councillor presenting the
Town of Paris medal to Mr.
PAHADIA, Indian Minister of
Agriculture.*



A Town Councillor gives the Town of Paris medal to Mr. THIAM, Minister of rural development, Senegal.



During the address of the Council's President. (left to right).

MM. GIRARDIN, CHARRON, DANEAU, LACOUR, BONOW, THIAM, D'ANDLAU, BRAUN.



During the Reception at the City Hall (left to right).

MM. DANEAU, Town of Paris delegate,
THIAM, D'ANDLAU, PAHADIA, LA-
COUR.

FINANCING THE COOPERATIVES AT THE INTERNATIONAL LEVEL

Dr. A. BERSON

International Co-operative Alliance.

I have always dreaded that one day I would have to be the last speaker on a very warm afternoon. That nightmare has come true to-day, but perhaps the fact that I am in fact the last speaker may mean that you will remember what I have to say. This morning Dr. Saxena's closing remarks were indeed further introduction to this report, on the « Financing for Co-operatives at the International Level ». You should all have a copy in English of the 8 page paper on this subject. I am sorry that the french and german copies did not arrive in time for general distribution. However they are now on the table outside this Conference hall, and if you haven't already received a copy in either French or German, I hope you will pick one up after this session.

Some of you possibly already know that the International Co-operative Alliance has been commissioned to carry out a two-year study on this subject on behalf of the joint programme for co-operative development — now called COPAC of the Food and Agriculture Organisation of the United Nations, the International Labour Organisation, the International Co-operative Alliance, the International Federation of Agricultural Producers and the International Federation of Plantation, Agricultural and Allied Workers. This study, which is currently half-way through this two year period, is one of the most important tangible fruits of the official co-operation between these five international organizations.

The introduction to the paper before you goes into detail about the need and background for such a Study, and a repetition of what is written would only bore you. In any case, I am certain that most of you are well aware of the needs of co-operative enterprise, and particularly in the developing countries. Up to now no comprehensive study has been made explaining the needs of co-operatives for capital investment on the one hand, and operational needs on the other hand, which can be met by foreign capital, whether in the form of foreign currency or plant, equipment, etc. from abroad.

Because of the vast scope of this problem, this Study is limited essentially (1) to assistance at the *international* level : i.e. any help coming from outside the recipient country, whether from inter-governmental or non-governmental international institutions, or bilateral assistance from individual countries or organizations, from co-operative or non-co-operative sources, or from private sources; and (2) assistance to co-operative *enterprise*, that is, the business activities of co-operatives which need assistance from abroad. In most cases it is envisaged that assistance would be directed towards actual projects which normally would be sponsored by the national co-operative unions of the recipient countries.

This is so because it has become increasingly evident that the co-operatives in many countries can often only receive assistance from abroad if their govern-

ments allow it, and then the projects must be seen to be related to the national development plan of the country concerned. This is one of the major problems being considered in this Study. Problems concerning the linking of technical assistance with financial credits, between short, medium and long-term credits, and the coordination of assistance given by various organizations are also being considered.

The more specific purposes of the Study are given on page 4 of the paper before you : Where can the resources be obtained? How can they be tapped? How can obstacles, if existing, be overcome? How should the whole problem of financing co-operatives be approached at various levels? What kind of organisation for international financing of co-operatives be created ?

The study itself is organized into five parts (see pp. 5-6) :

1. The needs of co-operative Enterprise for which international financing is required;
2. The present Systems of International Financing;
3. Guarantee Funds, including a Special Report on National and International Guarantee Funds for Agricultural Credit Schemes (already completed in draft form);
4. The Position of co-operatives in and vis-à-vis the present systems;
5. Conclusions and Proposals.

On pages 6-7 you will see how the Study has been organised. Among others steps taken, and author contracted, two main questionnaires have been sent out : one long questionnaire has been sent to many Co-operative unions or organisations, throughout the world, to obtain their views as to their needs which might best be met from international sources. Second, a short one-page questionnaire has been sent to various donor organisations to find out their own experience in dealing with Co-operative enterprises vis-à-vis other types of non-Co-operative enterprises. This is very important, for Co-operators will realise and appreciate that they will be judged by aid giving institutions by the same criterion used for other enterprises, i.e., on their credit ability, their management, and other related problems.

This comes to the question of the support we need from all you here (see page 7 of the paper). The question of some additional financial help is mentioned on page 7 but much more important is the help in kind referred to that page.

Additional support is needed in kind, and if this is forthcoming, particularly from some of the organisations represented at the Congress, the financial problem might be essentially solved. In the outline given above, our main gap at this point is in Chapter IV. We would be especially grateful for the loan of an expert who could deal with the problems arising in the structural, legal and managerial problems existing in Co-operatives related to their credit ability, particularly from international sources. This Chapter could also be divided into two or three sections, depending on the assistance available (see bottom of p. 5 of the paper).

In addition, if there is anyone here who would like a copy of either of the above Questionnaires or a copy of the outline of the study in English, French, German or Spanish, I hope you will either ask me for one today, or write to me care of the ICA whose address is given in the paper, as I have to return to London tomorrow.

Concerning the results of the Study, which should be completed by next May,

of course these cannot be prejudged for the conclusions have yet to be reached, depending on the material we receive.

However, it is of particular interest that Governor Freeman yesterday in his address anticipated what will almost certainly be one of the principal conclusions of this Study, i.e. the creation of an international guarantee fund for the promotion of Co-operative enterprise. In fact, a concrete proposal, with some details as to how it could be set-up is already in draft form, but remains to be worked out in further detail before the conclusion of the Study.

Thank you very much Mr. Chairman and distinguished guests for your kind attention. It is sincerely hoped that this Study will indeed represent the concerted efforts not only of the sponsoring Organisations of this Study, but of the whole Co-operative Movement to provide means of concerted help to the Co-operatives of the developing countries in their efforts to contribute to their own development and progress.

Mrs. SCHUJMAN

« Instituto Movilizador de Fondos Cooperativos ». Argentina.

In the first place, I would like to express the greetings from the Organization I represent. It includes 500 co-operatives numbering more than 500 000 members.

To go back to the subject under discussion, I fully agree with Dr. Saxena who said this morning that developing countries should be analysed according to the features specific to each case.

The deep structural crisis which requires important changes in the social, cultural life and the economic structure of developing countries requires different means for its solution; these different ways and the effective initiation of the process of change are distinct and particular to each country and nation.

In a number of countries, the process of change occurs through an inspiration emanating from governments who become the interpreters of the people's needs and wishes.

In such a case, co-operation is stimulated and promoted.

In other countries, governments are under the influence of interests that take advantage of the existing situation and oppose change, such as the large international monopolies and minority groups of privileged persons.

Among developing countries, Argentina has its own very special characteristics. Economically speaking, the volume of production is very important. Internal

trade and industry are growing. Although we also have other activities oriented towards export, this creates a standard of living which is comparatively higher in respect to other developing countries.

The economic and social structure of the population also includes a largely developed middle-class sector. These middle classes consist of tradesmen, small and medium-sized, small industry owners, agricultural producers and some professional classes. This is the main origin of the human composition of more than 4 000 co-operatives of different types that operate in the Argentine Republic, without forgetting the workers sector and various Savings Co-operatives.

The time I have been allowed is short, and I shall only point out that four years ago our country has made the Parliament adopt a draft bill which guaranteed the development of the co-operative credit banks. On the latter's request, there has taken place within our country an absolutely characteristic institution transformation.

One of the early measures has been the creation of a system of norms which had legal value and was intended, — as its authors stated, — to end all credit co-operatives within 90 days. This time having elapsed, and since we are still present, we can answer, using the words of the Spanish writer who said : « The persons you have killed are all in good health ».

The important bodies that are representative of the Mutual Credit Movement are still present and they consist of the Credit Co-operative Argentine Federation and the Instituto Movilizador de Fondos Cooperativos.

The legislation set against the co-operatives has caused the disappearance of 30 % of the credit co-operatives. Most have disappeared through mergers with other co-operatives. But the good health enjoyed by the movement as a whole has enabled them to survive. More than 600 co-operatives have been able to operate and be active throughout the country, numbering more one million members.

While complying with the new legislation, it has even been possible to establish new co-operatives.

I only wanted to make this report. I would like to thank you for the spiritual solidarity and the support we have received from our brethren from Germany, from France, from the United States and from other countries in **these hard times**.

I have no wish to impose on your attention and I shall presently conclude. Figures have been published by the Argentine Republic Central Bank, a government body, and these figures clearly indicate that the implementation of the new legislation has finally had as a result an increase in the number of usurers and has benefited to foreign banks to the prejudice of official and private national banks and of credit co-operatives.

This led us to consider the special features of the actual situation in our country within the framework of the subject under consideration. We appreciate the sincere wish of all of you to foster an exchange as well as help between co-operatives. We have operational problems. And I believe these problems are worthy of your attention.

We believe it is necessary to overcome certain artificial obstacles that exist presently and to establish more direct contacts between co-operative movements without prejudice to the relations held on the level of national or international governments or even on a semi-official level.

We must seek direct contacts that allow a lively exchange and that make possible the help and co-operation systems between co-operatives for the purpose of funding.

We believe that this keeps us in the correct direction towards the integration of the co-operative movement that the pioneers wished for.

We must grow and we must not be content with speculations and cogitations. We must go beyond all that is static. We have faith in the future of humanity and we believe in co-operation.

Dr. KLAUHS

Director of the « Genossenschaftliche Zentralbank », Austria.

My subject is : credit co-operatives in their relation to government authorities.

Since the Middle Ages co-operatives in the form of corporations or guilds played an important part in the economy and in public life. By their mandatory character these institutions influenced the totality of men's lives.

These institutions differed from the corporations of today but were already an important constituent of the economy of the state. Co-operatives with obligatory membership and more or less governmental functions no longer exist except in dictatorships.

The modern corporation rests on the principle of self management and responsibility and must insure its economy in a community that is independent of the state if it is to improve its economic situation. Membership in the corporation is voluntary. There is no disadvantage implicit in not belonging nor is there any exclusion from preferment.

It follows that the co-operatives must occupy a position free of all government influence. The government must abstain from any direct interference in the co-operatives and limit itself generally to regulating by law simply the relations of members among themselves and the place of co-operation in the state as well as exercising legal protection.

Government non-intervention except for a legal framework is applicable to all sort of co-operatives even credit co-operatives. As banks these co-operatives complement government administration and surpass other categories of co-operatives.

In the particular situation that the credit institutions enjoy among the totality

of national credit institutions, the government in almost all countries exercises a control over banks and over the credit co-operatives naturally as well.

All democratic forms of government guarantee the right to exercise economic activity and the right of coalition which results, in a democratic or republican government, in co-operative activities not only being permitted but by virtue of the democratic constitution being considered as the living expression of economic democracy and deserving encouragement as such.

Not only is co-operative activity authorized and positively regarded but practically speaking it is called upon to assume a great many roles and missions that falls to the lot of the modern state.

Without directly being responsible for the creation of a co-operative, without really framing an economic policy, the state can, in certain cases, use co-operatives to carry out its political goals. The dominant principle is that the co-operatives must have complete independence vis-à-vis the government and the question of what relations should exist between co-operatives and the government in general presents two alternatives depending upon one or the other of the government's attitudes toward the co-operative on the one hand and upon the co-operative's attitude toward the state on the other.

This double aspect of the problem may be explained by the fact that co-operatives have always considered themselves a particular form of economic symbiosis within the community and, as such, they assume special functions. The scale of points of contact extends from basic questions of the economy to detailed problems of day by day policy. Some examples will illustrate my point.

Democratic encouragement and development of the economy can be effected through co-operatives. They can act as a check on private monopoly. They can strengthen small and medium sized enterprises, especially agricultural ones but artisan enterprises as well as industrial and business ones and can encourage and develop the promotion of labor and personnel. They can contribute greatly to lessening economic tension. They often have policies that coincide with the objectives of the government's social policy.

Credit co-operatives especially mean lower credit costs and thus carry out one of the goals of the government's credit policy which is to encourage investments and thus enhance the national economy. All of these points would seem to justify the government's protecting the activities of co-operatives by law and by its policy. It sees fit to encourage co-operatives and to institutionalize them so that individual freedom is not threatened and a free economy is conserved and furthered.

We must not deduce from this that the government must directly financially encourage the co-operatives unless a specific policy is set down by a government to use co-operatives to some specific end.

In the developing countries direct aid should be given as a starter, to launch co-operatives; this can be justified within their context but does not hold for modern countries. In the case of the latter we must stick with the principle that the indispensable basis and means' — autarchy and self-support must be guaranteed by the co-operative which would not be the case if aid were granted accompanied by certain obligations and agreements.

Thus, co-operatives in the developed countries find themselves in an economic position which does not allow of government intervention in their development

and rather regards it as hampering. Hence the famous saying in regard to subsidized co-operatives which rarely corresponds to reality. One can hardly consider the legal framework of a co-operative including a specific fiscal arrangement as an effect of subsidy.

If we consider the relationship of co-operatives to the state, we must realize that co-operatives in our day, unlike the past, cannot afford to ignore the state and its policy. This is not to say that the co-operatives have a fixed policy but rather co-operate practically toward making decisions relating to political economy.

The growing economic importance of the co-operative and the growing influence of the state in the economy, prevents complete neutrality. In fact, the economic interests of the members whose encouragement is one of the objectives of the co-operative, are necessarily affected by measures of political economy taken by public authority.

Co-operative organizations which were originally an association of politically and economically feeble groups banded together to help each other without any political purpose have thus found themselves continuously obliged to assume a position with regard to questions and measures of political economy.

For this reason, at least additionally, these co-operatives become groups with vested interests. In Austria they became economic groups. Co-operatives meet with and entertain various relations on various levels with the government : on the legal level, then by the organization of co-operatives which, as economic groups, participate in the economic policy of the government, and lastly, by a loan program and financial encouragement by the state where the state uses the credit co-operatives as tools.

Legal relations between the government and the co-operatives take the form of legislation in various countries.

Allow me to speak a little about the particular situation that obtains in Austria. We have the following points of contact :

First, the inventory of all co-operative dispositions and regulations, then supervision and control of credit by law. This is applicable to co-operatives as to all other banks; then legislation relating to the control of exchange rates as applicable to the co-operatives; then fiscal disposition relating especially to the legal set-up of the co-operative and, lastly, all other legal and legislative matters pertaining to co-operatives.

The first co-operatives in Austria were associations similar to those that existed under the law of 1901 in France. It became evident that this legal form of co-operative and its rights at the time did not answer the functional exigencies of the co-operative. This brought about a new legal structuring of economic and supply co-operatives.

This was done with the help of the co-operative organizations themselves.

In the course of this history that extends over more than 100 years, laws governing co-operatives have been changed and amended, most importantly when a ruling was made that co-operatives must submit their books to a firm of expert accountants.

Credit co-operatives still find themselves, therefore, apart from legislative prescriptions, in the same position of secondary dependence upon the state as other

credit institutions. In fact, according to the law regulating credit in Austria, all financial enterprises, all banking establishments whether savings or business institutions, are subject to control.

The law regulating credit in our country has proved justified for a very long time if only by reason of the fact that economic democracy occupies important position and self-administration permits adaptation to rapidly changing economic situations without having recourse to ponderous and complex administrative procedure.

It follows that the law governing credit permits credit establishments, among them the Raiffeisen federation as well as the association of popular banks to conclude agreements and conventions regarding interest rates, finances and competition.

Technical banking agreements such as mini-debit checks, compensation as well as credit interest are all proof of the operation of economic democracy within the framework of government control of credit and of leaving the field open to the initiative of interested parties.

Another norm that determines the relations of the credit system and credit co-operatives with the state in a decisive manner is the law pertaining to the national bank. The national bank is not only an organic statute but handles deposits, discounts, rediscounts the policy governing the ober mark, influences the policy of business matters, etc.

The law governing credit also regulate relations between credit institutions and the Ministry of Finances, a protective organism.

And then, the law governing the national bank regulates the legal bases of the relations between the credit system and the national issuing bank in Austria.

One special point of Austrian legislation that has proved justified in practice relates to the conventions of credit control. I refer to agreements that are drawn up by the Ministry of Finance with various groups of financial institutions and central institutes as approved by the national bank; in our case it is the central co-operative bank that acts as a sleeping partner. There are special situations pertaining to small credit co-operatives which are also the subject of special agreements.

These credit establishments agree to maintain a coefficient of minimum liquidity expressed in a percentage of their engagements and also lend up to a certain percentage of the capital and funds proper.

This constitutes in short, the convention of the credit ceiling. These percentages, these coefficients of liquidity are periodically adjusted to the monetary situation with respect to the exchange and therefore undergo modification. Thus the conventions of credit control, beyond the measures of the issuing bank, became a tool for determining the Austrian monetary policy in such wise that the credit co-operatives manage to exercise some influence in participating in the economic life of the country.

The fiscal legislation must be regarded as characteristic.

On the level of fiscal legislation, in Austria we had special regulations concerning co-operatives that took into account the particular character of the legal form of the co-operative in very limited fashion and, as far as competition was

concerned never amounted to the advantage characteristically allowed savings banks.

Thus in the case of credit co-operatives, credit was only accorded to members in order to avoid a double imposition on the member of the co-operative, at least mitigating if not avoiding it. The tax on companies and licenses was thus reduced by one third. This advantage in the case of licenses was lost at the beginning of 1950; in regard to the taxes on companies, it was abandoned and reduced by half in 1968.

Credit co-operatives were subject to characteristic discrimination both insofar as consideration of the particular legal form is concerned as in their competitive position with regard to the savings banks which only have to pay 40 % of the tax rate of companies.

As the state defined the legal framework of various economic enterprises as well as the government norms that also intervene in questions of economic constitution, such an organization of the economy results in assigning a not negligible role to the co-operatives.

Through their policy making, their central bank, their grouping of interest and other factors, they exercise considerable influence on the economic policy of the government in the following way.

Aside from their attitude, their measures and economic interventions which tend to regularize the market, they defend the interests of their members by their position with regard to projected laws and other problems of economic policy. The co-operatives therefore, exercise a double function on a double level. They are thus closely in contact with the government's economic policy.

The economic policy in many countries is increasingly extended to new domains and thus has need of encouragement to develop along certain lines. There are such programs in the domain of agriculture and also very often in the domain of what is frequently called the « green plans », in industry, in the policy of the middle classes and also on the level of social policy. A particular importance has been acquired by programs of encouragement in the field of agriculture and agricultural restructuring.

In Austria there is a government credit program to benefit agriculture and that encourages agriculture investment credit as well as special agricultural loans that, for the most part, are extended only to the Raiffeisen co-operatives because they are considered the ideal tools for developing and encouraging this governmental economic policy.

Since the co-operatives might have encouraged their members simultaneously it naturally works out that where there is an agreement concerning subsidized and encouraged parties and among members of the co-operatives, they can be used as instruments of promotion and development.

This obviously has positive aspects with measures of promotion and encouragement as consequences resulting in an important economy for the state.

Allow me now to summarize briefly the points of contact between the co-operatives and the government.

The amount of influence that governments have on credit co-operatives should differ according to the degree of economic development in a specific country.

Credit co-operatives, like other co-operatives, do not have obligatory membership. They are based on democracy, self-administration, self-responsibility and self-help.

In order to fulfill their mission they require a legal framework to protect them against government interference because self-responsibility would certainly be threatened if this were not the case. In countries where the economy is in the process of development, government intervention to promote co-operatives may become necessary and even desirable.

In developed and industrialized countries, the government should desist from this kind of interference; they should not exercise any direct influence on co-operatives because of granting subsidies.

Subsidies should not be granted co-operatives at least in the early stages of development but should be subject to measures of a precise plan with precise goals and, on this basis, co-operatives would be the instruments of the state.

Therefore, the slogan of subsidized co-operatives should disappear from the vocabulary and the literature; the government's role is to see that the legal position of the co-operatives and their members is regulated so that its activity can have a legal basis productive of optimal economic activity.

Direct influence on the granting of credit and its distribution makes it very difficult for credit co-operatives to fulfill their mission of encouraging through credit and banking services the development and improvement of their members' economic situation. Indirectly, limiting and rationing credit would be in direct contradiction with the fundamental mission of credit co-operatives.

Particular encouragement by means of fiscal measures would not be necessary currently. But in fiscal legislation particular attention must be paid to the legal form of the co-operative and double taxation must be avoided, that is to say taxation of the co-operative and the member alike.

Furthermore, credit co-operatives must insist upon freedom from discrimination for other groups of financial establishments both in the legal and fiscal domain, as, for example, notarial or orphans' funds, because we do not request privileges in comparison to our competition but also do not want to be treated less well than they.

Co-operation between the co-operative and the government should be in the public interest. If we view the relations of credit co-operatives with governments according to these necessary criteria, we see that the state's positive attitude is to the advantage of the co-operatives. What can be done for members by the collaboration of co-operatives on the same level as well by inter-co-operative activity, can be done for all the members of a co-operative, that is to say the members of the co-operative can be economically advanced and finally it is one of the missions of the government to serve the public interest and to insure the economic welfare of all citizens.

From this standpoint the co-operatives can be considered as supportive of the government in all democratic countries.

THE REPRESENTATIVE OF CUNA INTERNATIONAL

This is one of the very important subjects studied at the present conference. I think the expose you have just heard was a very complete one and dealt with all the various aspects of government relations with the co-operatives.

I would like to mention something that came to my attention last week and that may have considerable influence on certain aspects of these relations.

We know that especially in the less developed countries, governments seem to be giving increasing support to the co-operatives. Some of them have made statements indicating their support; others have set up special ministries and, in some places, appointed organizers and directors, considering that the government was devoting too much time and taking too much responsibility for the development of co-operatives.

This may very well be true but I personally feel that the interest these governments show constitutes a challenge to all co-operative directors to increase their efforts proportionally.

The exposé that I am going to make deals, therefore, with a very important organization on the international level — the World Bank.

You know that this is a government bank whose activities are on the increase. It has greatly increased its lending potential during the past few years. During the last 5, to be specific. It is giving more and more importance to loans to different governments for agricultural development.

The World Bank is making more and more loans to farmers to help them increase production.

But the problem of the World Bank — and the situation is being closely watched — is that so often mentioned during the present conference. It is one thing to deal with farmers who are heads of unions, co-operatives because they have the knowhow, are able to repay loans, etc., but it is another to go down the scale to deal with farmers who are hard to control as far as their credit is concerned.

The World Bank has been concentrating on this problem for some time. It is attempting to evaluate the existing methods for aiding small farmers to obtain credit and it has discovered that co-operatives seem to be very successful in many countries in doing just that.

This is nothing new. You encounter this in your daily work but you are inclined to sit up and take notice when you see eminent officers of an inter-governmental organization recognizing the importance of co-operatives in this essential respect.

Last week I was called to a meeting in Washington with an important representative of the World Bank from one of the less developed countries. He wanted to know if CUNA and other co-operative organizations could furnish the World

Bank with some technical assistance in developing co-operatives in the less developed countries involved.

This was an opportunity we had long been waiting for and trying to bring about. We are only too happy to give this assistance and will undertake to do so in the next few months.

But there is something else of great importance and that is that the World Bank is working on a joint financial basis, in a manner of speaking. It is not only using its own resources but calls upon different international organizations, United Nations institutions, for assistance in its various projects.

Therefore, the fact that the World Bank is becoming involved in directing this opens the door to many other sources of credit.

In dealing with the small farmer — and this has been emphasized repeatedly here — we have to be able to give him technical assistance. The question is : who is going to foot the bill for this technical assistance ?

I want to point out to you that many governments of the less developed countries have generously furnished technical assistance to this end — the development of co-operatives — but there is something new, or almost new, if you will, taking shape within the United Nations development program and that is that funds are being collected from all the governments of the world for just this purpose.

So, you see, we have the combined forces of the World Bank working with government institutions of less developed countries all over the world and the co-operatives will become increasingly involved in this domain in which we are all experts..

I believe that the necessary funds can be found but we will be called upon to furnish the practical knowledge and directives which are so badly needed by a great many countries.

Professor TANA
Casse Rurale, Roma.

In Italy we have already laid the foundation of structural reinforcement according to modern criteria, or group management.

Group management in the credit co-operative requires adaptation of the system on various levels : local, regional, national and especially international.

This new formulation accompanied as it is by the necessity for reorganization has, as a whole, been submitted for consideration by legislative bodies. By means of these innovations, we may reach a single policy for the overall regulation of rural banks.

Here are the exact specifications given by our department. Now it is up to the public authorities to put them into practise. The first steps have been taken by the upper echelon state advisory bodies, the national council on labor and economics that has expressed its approval of the propulsive function of the rural banks by affirming their importance and qualification in the rural communities and agricultural credit circles.

But this favorable outlook for Italian credit co-operatives which resulted from the evolutional foment has to be backed up by public opinion. As a matter of fact only public opinion comprehending the importance of spreading co-operative ideals in social development can influence political thinking and redirect its course.

Such initiative toward enlarging the obligations and the role of co-operation in a modern economy are the efficient tools for developing the co-operative spirit among our people. On this occasion, the central institute of Italian « rural banks » numbering 700 co-operative credit banks which I represent proposes the building of an International Institute of Banks, co-operative credit banks, with international representation of our department in worldwide monetary organizations which would assure effective collaboration between member institutions and would oversee their development and the spread of the co-operative credit movement so as to encourage credit co-operation and to protect savings depositors, clients of the co-operative movement in the economic and financial world which is now integrated and therefore ever harder to sustain.

We think this is a matter of immense importance and this present conference a first opportunity for calling it to your attention in the hope that it can be carried out sometime in the near future.

Mr. BELBEOC'H

Vice-chairman of the Mutual Credit National Federation, France.

After the reports you have just listened to, and more particularly Professor Klauh's remarkable report, I would like to indicate some aspects and tell you the manner in which a French mutual credit federation envisions the problems of relations with the government.

The principle of the activity and indeed of the very existence of mutual credit as regards the governments is one of absolute independence.

However, inasmuch as mutual credit banks hold a portion of the country's economic power, it is obvious that the government, being responsible for the suitable operation of economy as a whole, will wish to make its voice heard, and that means being able to verify that all the banks' activities are being carried out in compliance with existing legislation, respect of their special statutes and implementation of general instructions given by the Ministry of Finance according to the current circumstances.

As for them, and inasmuch as they are mindful of the public interest, credit banks must be in a position to make themselves heard by the government, more particularly to protect their own existence, guarantee their freedom for action and safeguard the interests of their members.

It is clear for all to see that the government's interest, — and that its finally national interest, may at certain times be different from mutual credit's interest. Thus, the economy's pendulum causes austerity periods to succeed periods of riches, or in other words, it alternates calls for savings with encouragement given to consumers. Still, savings are a permanent problem, since savings mainly allow investments. And, in this field, the government's choice is clear : are investments to be in proportion with existing savings, or is it preferable to bring savings to such a level as is required by the necessary investments ?

Within a dynamic economy, the second alternative is clearly preferable. Still, it calls for a lively encouragement of savings, since expansion has huge needs among which selection must be made and priorities given, and it is impossible to meet them all at the same time.

These choices are political decisions, in which co-operatives do not interfere. Although mutual credit banks are among all savings-collecting organisms those that are closest to the savers. Logically, the government should take advantage of the banks experience when it defines and implements its policy of encouragement to savings.

All governments know how difficult it is to adjust savings to investments without falling into the sickness of endemic inflation, because financing can be obtained through the printing of more paper-money, and adjustment can also be effected through uncontrolled levies from the national income, levies that result from the movement of prices.

There, we see a cause of distortion of the economic circuits. For every government, this process ends in balance of payments problems and calls for more or less brutal restrictions in the credit policy and the use of public funds.

It is a known fact that sudden movements cause prejudice to the development of economy; and on a smaller scale, they are the very opposite an encouragement of savings.

Respect of savings is a basic fact. It includes two conditions : safeguard of capital and guarantee of remunerations. As a corollary, this causes monetary stability and therefore confidence.

We must always remember one evident truth : monetary stability can never be final. To point out an ambiguity in the relationship between lenders and borrowers : it is necessary to guarantee for the investment a value that is kept constant, and this supposes a regularization of the markets for long term capitals. This is not indexation, but formulas that are sometimes already implemented, such as titles with participation to the benefits, or debentures that are convertible or changeable into shares.

Guarantee of remuneration must be insured through a fiscal system that clearly recognizes the double purpose of interest rates : contributing to the safeguard of capital and ensuring for it an actual remuneration.

An efficient utilization of the savings system also requires a healthy system for the collection of savings, implying a true competitive pattern : in the first place, a multi-purpose banking organization, not a specialised one. It also calls, and more particularly so, since this is an indispensable prerequisite, for a clear definition of the savings collection mutualistic sector, together with its rights and duties.

Nowadays, we have in France, on the one side, conventional business banks and a mutual credit of a traditional type, and on the other hand, an institution that is of a hybrid form, whose reform is being carried out, the mutualistic agricultural credit.

This is indeed a public institution that acts both as central bank for the regional banks and as exclusive distributor of advantages granted by the State to agriculture.

Regional banks have the appearance of co-operatives, but it is mandatory to join them since they hold the monopoly of credits granted.

The existence of such a situation is contrary to the mutualistic spirit, because it creates an actual centralization in which regional banks are merely branches of the national Caisse.

In this manner, we are getting closer to the concept of the State-granted credit. But, while it is certain that mutualism must have a relationship of co-operation with the Government since the latter represents one aspect of general interest, mutualism cannot put itself at the disposal or under the direction of Government without entirely distorting the spirit that animates it, that of mutual help and solidarity, in which decision-making remains in the hands of members, on the level of the local bank, the second and the third degree being only necessary but subsidiary constructions.

In our epoch, when geography and politics calls for the establishment of large

complexes, when Europe is being built with hesitations and delays but with a tremendous speed, especially if compared with the centuries during which European countries fought each other, in this world where nations seek to unite in order to become stronger, this very world is also discovering once more the value of the small community.

For instance, any camping area can become a village of tents; however, if we want a real village, it will prove necessary to change each tent into a real house. Complexes are made of real complexes.

This is true of large political communities that include the concept of region and even adds value to the concept of municipalities.

It had almost been forgotten that the natural ambience into which men are to carry out their activities is the ambience in which they can be personally acquainted with the other men whom they entrust with public duties. That is one of mutualism's basic principles, in which the local bank is of prime importance, together with the limits of the territory within which all members know each other.

Mutualism therefore has a natural vocation to be the bank for the region, and we, Frenchmen, intend working towards the harmonization of mutualism on the European level in order for the latter to remain based on this human principle, whatever the size it will reach : international dimension must not stop us from being in the first place a bank for family and individual.

CO-OPERATIVE THRIFT AND CREDIT AS INSTRUMENTS OF EDUCATION

Mr. DANEAU

General Manager of the « Conseil de la Coopération du Québec ».

The rapprochement and intermingling of the notions of « co-operation » and « education » to the point where they are presented as an inseparable pair appears to be a constant within the co-operative movement. It is a theme that keeps recurring like a leitmotiv. No one has expressed it better than the former director of the International Co-operative Alliance; Mr. W.P. Watkins who, quoting himself in 1961 while others had not ceased doing so for the past thirty years, declared : « I would say that co-operation is an economic movement that makes use of educational means but it is also an educational movement that makes use of economic means ».

The fact of the matter is that the very nature of the co-operative institution and the particular modalities by which it functions require that its adepts have a body of knowledge and qualities whose acquisition and development presupposes and continues to require a serious educational program. Moreover, the co-operative activity itself while pursuing immediate concrete ends primarily of an economic nature does have certain educational virtues in broadening horizons; in short, co-operative activity, calling as it does upon the responsibility and solidarity of its members, contributes to their education at the same time thanks to the application of the « learning by doing » principle.

We thus loop the loop. For, to use a phrase of Mr. Maurice Colombain; « co-operative education is both a prerequisite and a permanent requirement of co-operative action as well as one of its results ».

With reference to the reports presented during this session devoted to the subject of « Co-operative Thrift and Credit as Instruments of Education », I find once more this conjunction of co-operation and education in which one succeeds the other as end and means, as cause and effect.

At the time I wrote these notes I only had the texts of Mr. Paul-Emile Charron and Mr. Emile Girardin at hand. I hope it will not be held against me that if I use them as points of departure for my own thoughts on the subject though other speakers have broached this same question of education either during the present session or in reports on other subjects.

I do not deem it necessary at this point to even summarize Mr. Charron's and Mr. Girardin's remarks. I have the feeling that their audiences were able to gather the sources of inspiration as well as the direction in which Quebec is trying to move in order for thrift and credit co-operatives to play a larger role socially and economically both with respect to individuals and to the community as a whole.

What I want to do is to point out certain elements of a general sort which have been verified in Quebec's experience but which pertain everywhere.

First element : co-operative thrift and credit as with all other forms of co-operation are most truly based on discovering and satisfying the needs of the milieu.

I believe it is commonly admitted that co-operatives do not come into being by accident, nor are they merely the activation of means to a social end. They do not fit easily into any schema invented or mapped out by theoreticians.

In fact, it has only been as the result of gradual experimentation, research, trial and error, imitation and adaptation that the co-operatives have narrowed down their principles, their methods and their techniques. The initial impulse to put co-operation into effect in such and such a given sector very probably came from certain men who were absorbed by the problems of their own milieu and imbued with generous ideas. Public powers have also advocated and encouraged the use of the co-operative method. But the co-operative institutions only really acquired an authentic vitality and made progress when the initial inspiration for them answered public need and awareness. A certain type of co-operative with its particular characteristics only arises in answer to the needs of a given milieu, under the influence of the conditions of this milieu and in conformity with the spirit, the mentality and the psychology of the milieu.

Now, the success and progress of co-operative institutions are conditioned by the genuine adaptation to the conditions of the milieu from which they sprang. Consequently any educational co-operative effort that is to succeed realistically must be based on a constant research into the needs, the aspirations and the motivations of the population of the milieu in question.

Second element : co-operative thrift and credit like any other type of co-operative movement must be able to depend upon an effective and enlightened leadership.

One thing is certain and that is that co-operative institutions being democratic institutions cannot dispense with competent and dynamic leadership.

The fact is that when one speaks of co-operative education one thinks immediately of the necessity even greater today because of new demands, of having appointed or associated managers with modern economic training as well as a solid background in sociology.

There was perhaps a time when the development and working of co-operatives could in a pinch — and there is some doubt even of this — depend upon the service of militant believers in co-operation and their devotion to a high ideal. That was at an early period when rhetoric gained more followers and enjoyed more respect than a coldly competent administration.

Doubtless faith in the co-operative ideal continues to be an element of prime importance but it is no longer enough to guarantee co-operative expansion; it is just sufficient to maintain the position we have acquired in the face of increasingly aggressive competition by using ever more efficient techniques.

If we are not careful, there is a danger that the co-operative movement may begin to appear to be old-fashioned, outmoded, complicated, heavy, largely dependant upon well-intentioned executives still using the methods of another age. It must become clear that the co-operative movement in its present context, cannot remain simply a means of defense; it must become a means of positive intervention in the economic and social life of the community in which it is functioning.

This being the case, it is imperative that managers and staff be trained within a socio-economic movement that aims to broaden and reinforce its influence.

Third element : co-operative thrift and credit like any other type of co-operative movement must take measures to insure the active and engaged participation of its members.

One thing with which co-operative institutions are reproached to their discomfort is the hiatus or contradiction between the image or the message they try to project and their actual everyday behaviour.

For example, co-operatives are presented as enterprises whose members are at one and the same time owners, users and beneficiaries, as democratic enterprises whose members have complete control. Now, we may well ask if there are not considerable obstacles to effective participation especially at a time when co-operatives are growing apace, when they are increasing the number of their members and diversifying and complicating their operations.

Such difficulties must be taken into consideration. They make apparent the need for gaining contact with the members to inform them and to furnish them with the means of expressing themselves and making themselves heard. It is at this juncture that the real qualifications of directors conscious of their role within the co-operative institutions become apparent.

This challenge to democratic life to adapt to new circumstances brought about by economic and social changes can only be met by using our imaginations and spirit of invention while remaining attentive to the efforts being made in other sectors of activity at grips with the same problem.

Fourth element : co-operative thrift and credit like any other type of co-operative movement must consider replacements.

Any institution that wants to guarantee its survival even if renewing itself only to continue to answer more adequately the needs of its members, must consider the replacement of its members. With this in mind, it must of course, turn to youth.

Now, in the age of protest we are currently living in now, it is far from certain that the old symbol representing the handing down of the flame from one generation to the other still makes much of an appeal to the young. On the contrary it seems that the heritage from preceding generations is only acceptable as a kind of « inventory ».

We must also take into consideration in this day and time that economic and social changes, the new mentality, new motivation create a climate of circumstances never imagined nor foreseen by the pioneers of the co-operative movement.

Nonetheless, if co-operative institutions will only continue to identify with the milieus in which they are functioning, if they will remain attentive to the changes operation in them and if they will find ways to adapt to the needs to be met, youth will regard them as valid instruments to be thoughtfully and deliberately selected for their use.

This choice can be conditioned however, by the actual behaviour of the adult co-operative members, particularly the directors. While avoiding paternalism, the latter must demonstrate to the young that co-operation is a method that takes their concerns into consideration and can answer their aspirations.

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I have considered for submission to you four elements or factors which seem to me to throw some light on, to determine or orient the educational activity within the thrift and credit co-operatives, insofar as their economic and sociological needs are concerned.

I purposely in each case, stressed the fact that these elements not only functioned within thrift and credit co-operatives but in all other co-operatives.

The fact is that all authentic co-operatives whatever their domain and the specific needs they are called upon to meet, belong to one big family. All co-operative institutions through their origins and by virtue of their underlying idea, the philosophy that guides their action, the ends their pursue, are all one and the same popular movement basically of economic in nature but in a larger perspective — that of social progress — devoted to the re-evaluation and promotion of man.

This awareness of belonging to the same movement and the responsibilities attached to it is another goal a real co-operative education must try to achieve.

EDUCATION IN THE CREDIT UNION MOVEMENT

Mr. HEFTER

(United States).

The comments which I have to make on the subject of Thrift and Credit Co-operatives will be along much the same lines as those made by Mr. Daneau. I intend to be very brief so that everyone can have a turn to express his opinions on this subject.

CUNA International has published a document on this subject that you will find in the folder given to you at the beginning of the Conference. I am not, therefore, going to read it to you.

I simply want to call your attention to our definition of education as given in the first paragraph.

« Education and training in any organization is the vehicle through which people learn new skills, improve their present skills and grow and develop

for the future. Without a comprehensive well defined education plan, growth and progress in our complex society is difficult at best. »

This is the definition we use as a point of departure in establishing our educational program for the directors and members of our credit unions throughout the world.

We have divided our educational activities into two parts.

The first concerns the program of theoretical training; the second concerns permanent training or permanent education.

Theoretical education is fairly systematized and by that I mean that this program is one that defines the needs and aims of education and then offers specialized training programs to help reach these goals.

The program of theoretical training also includes special programs for credit unions staffs. This is a very specialized field in which the directors form an association of co-operative management. They are responsible in turn for preparing programs in their own fields.

The theoretical program also includes specialized training to answer the needs of an ever more numerous personnel in these fields such as book-keeping, marketing and, public relations in connection with credit unions.

With these goals in view we have already prepared a whole series of courses. But we had seen nothing quite so gradiose as the training building we visited yesterday in Alsace-Lorraine. On several occasions we have discussed the possibility of something similar and it is not improbable that we will achieve it in the future.

In the meantime we have anticipated and organized courses on different levels from training courses in universities leading to certificates, professional training courses, to both general and technical conferences to be organized by CUNA and implemented by various affiliates throughout the world who have a more restricted geographical influence and by our credit unions themselves.

To summarize : the establishment of an educational program for theoretical training. You will find details relevant to this in the report so I need not go into them now.

The second part of our educational program concerns the problems presented to you by Mr. Danneau when he said that a co-operative is both the end and the means of this program.

Actually, we take all our members' problems into consideration since they have relevance to this educational program.

The degree to which can be integrated into the educational program depends upon the relationship of the member to the credit union. If this member does not require specialized credit union help in resolving its problems, education will not play as important a part as in the case of members who do require it.

We have also elaborate a specialized program in this field.

A program of household and family management is open to all members who have personnel prepared to work in these fields. But this program is more

especially directed to members and I imagine that you really have members who need it as well as advice about financial management.

Apart from these problems encountered by members in their educational activities, we have an extremely extensive information bureau which is not directly connected with the educational program and we encourage all credit unions to publish their own information bulletins in which not only information about credit union activities and services would be printed but all sorts of information of interest to the consumer in general along educational lines.

We also encourage all credit unions to make known whatever documentation exists relative to consumers training prepared by mutual insurance companies and also prepared by our federations in various provinces.

We also encourage credit unions to build up information libraries for the consumer to be used by their members. It will then be up to the members to see in what way this information can be of use to them. But we want to furnish this information so that, at least, they know that the credit unions are capable of furnishing it.

Last of all, in the interest of our information program, we publish the largest consumer's magazine. It was started seven years ago on a very modest basis and now has a circulation exceeding 2.5 million. It is used by an ever-increasing number of credit unions and is an extremely valuable tool for these unions in educating their members.

Mr. CHARRON

General Manager of the « Fédération de Québec des Unions régionales Des Caisses Populaires Desjardins » — Canada.

I do not intend to read this morning the report I prepared at the request of the directors of this conference. If you have not already read it you can do so at your convenience.

I do want, however, to draw your attention to certain points of general interest related to co-operative education. I will not discuss methods, techniques or means. Each of you, in the light of his own experience, can easily choose the best methods to be used in particular circumstances. I will limit myself to considerations of general interest related to motivation and the education of co-operators.

I believe that in our scientific society that is more and more based upon reason co-operators must henceforth receive more intensive enlightenment, must appeal more and more to intelligence based on truth to work hand in hand with will founded on good. These are man's essential characteristics since the co-operative movement's prime goal is the advancement of man, his economic, social and moral development. It is a sort of biological equilibrium; perhaps the word is not appropriate but it conveys somehow the equilibrium citizens must attain from the social point of view and that is basic to our life today.

The Desjardins popular banks were the basis of the economic and social re-establishment of the people of Quebec. They initiated the people into their financial problems, changed their thinking, created a healthful atmosphere, developed self-confidence and personal pride and provided competent administrators for their enterprises and social institutions.

The people of Quebec are aware that their network of thrift and credit institutions, insurance and fiduciary as well as mutual fund companies belong to them in the true sense of the word and are there to serve them. The Desjardins popular banks set up a number of general insurance companies, property and life insurance, a fiduciary society and a personal and corporate management company, a mutual fund and a Desjardins co-operative institute for social education and professional and technical training of administrators and personnel. Education is the basis of co-operation. It is essential to the economic development of its members and their social progress. This network of financial and insurance co-operatives now constitutes one of the most certain and efficient levers for the evolution not only of individuals but of the nation.

Authentic co-operation that assures the vitality and fruitfulness of this unique movement of a people marching toward their destiny is extremely demanding.

In our kind of industrial society that has produced the consumer society, the life and fruitfulness of co-operative institutions are more and more conditioned by the motivation and involvement of those who go to make up their membership, support them and benefit by them.

With an awareness of the necessity of this structured movement as an element of economic progress and personal as well as collective success this spirit has to be developed in them. We must attempt to give all members of these institutions who are at once owners, users and beneficiaries a personal as well as community feeling of belonging to such a movement and really participating in its operation and management, furthering through its network the economic and social promotion of the people.

Those who administer the institutions of this co-operative movement must always be at the forefront of progress.

Our co-operative institutions must be demanding of their membership in regard to their faithful participations in various operations and respect for regulations; by the same token, the members are more demanding in regard to the services they expect to receive.

Greater attention must constantly be paid to the quality of the service we are called upon to render our members. While constantly supervising the efficiency and the administrative economy of our co-operative institutions, those who direct them must also follow the need curve which is constantly changing, evolving in our society. While putting enterprises on the right track, they must help those behind the counters and in the offices to fulfill themselves and blossom out by living the very spirit that animates the institution.

We must realistically pay more attention to the training of the directors and personnel of our institutions.

Leadership that is to be effective on all levels of a co-operative movement must be able to use and arouse and develop greater participation on the part of the members in the very life of the institutions they have created. Making a co-operative enterprise economically effective, running it as economically as possible is not

everything; it is, of course, a great responsibility as you are aware, and a hard task in our present world of perpetual change to achieve this goal which is essential to the life and fruitfulness of our institutions. We must stimulate involvement, encourage more and more participation on the part of members in spirit and act in the life of the institutions. This is a growing necessity with our more demanding populace, for the more enlightened it is the more likely to demand rational explanations for things.

Our consumer society promises immediate pleasure from material things. But man does not live from bread alone. The philosopher Alain justly wrote : « Once material necessities are assured, life is just beginning ». Which is to say that our society, if it wants to live in peace, must not only concern itself with material necessities but also those of the spirit, cultural, moral and spiritual necessities.

It is a commonly observed fact that as soon as living conditions are improved to the point where people have all essential material things, they become demanding about the quality of the things they want and their needs change and broaden. And though consumer society can satisfy the basic needs of man it certainly cannot fulfill his deepest aspirations.

« Though it is supposed to be paradise », Claude Julien wrote in his book « The American Empire », « the consumer society has its built-in hell with all its injustices, its unbearable tensions, its hypocrisies, neuroses, its violent explosions. »

Is it surprising, therefore, that deep reform is needed? Those who reject it today will accept the necessity for it tomorrow and will enthusiastically work toward it. They will not escape the law and will come to live less for themselves than for the innumerable and compelling material temptations that the consumer society offers and that will finally bring them to discover their true aim.

It would appear moreover, that this industrial society does not only arouse material needs. Xavier Serrieres wrote in the review *Etudes* in an article entitled « War or Peace in the World of Enterprise » (La guerre ou la paix dans l'entreprise) : « In order to insure expansion it must awaken new desires and among others, aspirations toward knowledge since it aroused and developed needs concerning the means of knowledge for material goals.

Insistent advertizing, uncomfortable pressures often result in multiplying the material means of spreading information to an ever wider audience.

One has only to think of television, to see the forest of antennas atop buildings in often very poor districts to realize that information media are everywhere today.

The press, the radio, the vulgarization of literature on television have all developed curiosity and the desire for knowledge amounting to a general elevation in the level of education. Stimulated in this fashion, the individual starts to reflect, to reason, to develop his own opinion in regard to what is happening around him. »

It is obvious therefore, to see that citizens take much greater interest than ever before in the institutions that can improve their living conditions; that they want to see for themselves what these institutions can do for them, that they compare and judge the services which they give or can give and that they are becoming more and more demanding of the ones they do business with and the people who run them.

Co-operative directors must pay special attention to showing their membership that they do well to belong and remain faithful to their co-operative because it

combines economic and social efficiency without sacrificing one to the other but maintaining them apace, regulating the material, moral and cultural values of their members in such wise as to allow them to achieve their highest personal good in the pursuit of the common goals of their co-operative.

All of this demands the real integration of members, requires an adherence to the goals of their co-operative enterprises. This is expressed in their personal involvement and enlightened, loyal participation in the day by day existence of their co-operative institutions, and a sincere dialogue between members and directors to furnish information that is mutually necessary and beneficial to both.

The members must keep themselves informed as to the life and services of their co-operative in order to properly motivate themselves and to fulfill an active, enlightened and authentically profitable role.

The administration must investigate the needs of their membership and of the changing milieu served by their co-operative institutions.

Co-operative life would not be possible without this awareness of solidarity that unites the members of a thrift and credit co-operative in the face of common objectives. It is not possible without the conviction that their common action, if well directed, will permit them to attain common social and economic objectives.

Co-operative action has other consequences, enormous moral and social consequences, for co-operative action has its roots in the moral and social being of its members who perform economic acts and because it furthers the moral and social virtues that it sets in action.

The danger that the co-operative movement faces, it has been said, is that of failing to recognize its true nature and only acknowledging its purely economic aspect. All economic practice that views a member as merely an economic entity and not a human being and by that I mean a moral and social being, compromises the spiritual influence of co-operation as well as its material prosperity. The worst error would be finding a doctrinal justification in theories of co-operation that appeal merely to amoral abstractions of the economic policy.

Co-operative action goes beyond economics, material prosperity and contributes enormously to the social and moral hygiene of its members. They remain solidly loyal to the common objectives of their thrift and credit co-operatives, loyal as well to their co-operatives as instruments of satisfying common economic needs.

Members must understand that the prosperity of their thrift and credit co-operatives represents a common good in which they will attain the realization of their own interests. They must have a true conception of co-operation solidarity.

Co-operation puts into the hands of the co-operators economic instruments capable of satisfying their economic needs. They assume on their own initiative the responsibility of using, as a function of their economic needs, the very means of satisfying them.

The 2 billion dollars worth of savings that the Desjardins popular banks administer and use for the economic and social advancement of their 2 1/2 million members and the community of Quebec, are the fruit of economic co-operation and the concrete expression of the economic, social and moral solidarity of all classes of Quebec society.

The regional unions that form the popular banks embody their economic soli-

parity. Co-operate among themselves for mutual protection and reinforcement in order to render greater service to their membership. The provincial federation of regional unions fortifies and compliments their action as needed with affiliated popular banks.

The regional unions and the provincial federation serve the popular banks that represent the common good of our people. This philosophy of service to develop the common welfare of our people inspires the conduct and spirit of the regional unions and the federation. The common welfare is the good of all and each member of the popular banks. It is a necessary economic power in the promotion of their personal and community interests.

We must prove to members that by remaining united and faithful to their institutions they promote their economic and social advancement.

We must constantly remind them of the wise adages of the great sociologist of the co-operative movement who wrote : « On the economic plane, the co-operative is a collective enterprise; but it is also basically a private and independent economy with all the advantages of one. Similarly, on the moral plane the social life of the co-operative is based both upon solidarity of action and the development of autonomous and responsible individuals ».

We thus find in the social as in the economic aspect of co-operation the same complex duality — the individual and the collective supporting each other.

The first goal of the co-operative institution is to improve the economic situation of its members; but the means it employs as well as the quality it demands of its members and develops in them all go beyond this. The aim of co-operation is therefore to make men, responsible and united men, for each of them has a full personal life and altogether a full social life.

The administrators of our thrift and credit co-operatives must also be well informed about methods and techniques of management that are being constantly improved. The administration of the popular banks like that of other financial institutions is becoming more demanding because of inflation and the rise in salaries. Administrators who must manage their popular banks as efficiently as possible and to the best advantage, must be constantly aware of the best techniques of management and must attempt to make the best administrative decisions.

Through study sessions, group discussion, consultation, reading, the directors of thrift and credit co-operatives must stay abreast of the processes at work in the development of society.

They must understand what is going on and enable their thrift and credit co-operatives to play the part which has devolved upon it with regard to its membership and the milieu in which it performs its operations.

They must understand the mechanisms of developing their thrift and credit co-operatives and methods of modern enterprise management both on the level of individual thrift and credit and on that of investment for economic and social development collectively.

They must also take particular care in selecting, training and using personnel as well as developing it, seeing that it fully understands the institution and advances by using its talents and knowledge in behalf of the institution employing its services.

The federation and the regional unions of Quebec attach particular importance to the professional and technical training of management and personnel in popular banks. They are continually organizing co-operative study projects for professional and technical training at the Desjardins co-operative institute with which the Desjardins co-operative movement was endowed in 1963 for the purpose precisely of giving priority to the professional and technical training of personnel and management of the institutions that go to make up the Desjardins movements. They are constantly increasing intensive study sessions, group discussion, study periods, meetings.

THE CO-OPERATIVE MOVEMENT AND THE FEDERATION OF SAVINGS BANKS OF QUEBEC

Mr. Robert SOUPRAS

Director General of the Fédération des Caisses d'Économie du Québec.

The co-operative movement by virtue of being based on the principle of democratic participation is and remains the sole and unique means of economic emancipation available to workers in general.

The savings bank as we know it would have to be invented if it did not already exist. This statement was made by our founding president.

Our savings banks — our founding president, I repeat, said that if they did not exist they would have to be invented — our savings banks operate especially in industrial and professional milieu. For example savings banks are found in :

- a) big factories,
- b) railroad companies,
- c) big food plants,
- d) among hospital employees,
- e) independent grocery personnel,
- f) among « educators » regrouped into regional school commissions,
- g) among municipal employees.

One of the special features of the savings bank is, without doubt, the voluntary authorization granted by the member to his employer to deduct a certain sum from his salary to be put in a savings account or to reimburse a loan.

The savings bank is a thrift and credit co-operative based on socio-economic principles and pursuing the same objectives as the syndicates with which it works in close co-operation — increased economic and social welfare for the worker.

We are pleased to describe the collaboration that exists between our savings banks and the syndicates as the rails of a train track covering the same ground to reach the same goal.

The ties that hold the tracks together are a good description of the opportunities which arise all along the way for our savings banks and the syndicates to collaborate.

In order to keep our movement from veering away from the principles I just enunciated, we have duly accredited a representative from each of the three great central syndicates to sit in as observers at our administrative council of federated savings banks and we hope to have a managerial representative join us in the very near future.

The savings bank, well aware its importance, is regrouping on a regional basis with a structure known as a « Regional conference ».

The goals of the regional conference as they are defined in the internal management proposed by the Federation are as follows :

- a) To obtain and diffuse necessary information about administration and operation of savings banks represented by the Conference;
- b) Complete and perfect the training and education of those people who will be in charge of and responsible for the operation of the savings banks;
- c) Promote the development of new savings banks in the territorial district and submit to the Federation any or all suggestions susceptible to improving the movement in general.

The means that have been suggested to carry out these goals are as follows :

Conferences, forums, discussions, questionnaires, films and the advice of experts when deemed necessary shall be used to obtain exact information regarding certain problems. It has also been suggested that the regional conference serve as intermediary between the Administrative Council of the Federation and the different savings banks of a given region.

Seven regional conferences have been set up throughout the province of Quebec.

They hold at least four annual reunions. The means that the regional conference has adopted is that of the discussion to which an expert speaker is invited to give his views on a given subject such as : co-operative insurance, loan-savings, legal problems related to different kinds of loans, to the rights and obligations of members and to the application of the law to thrift and credit banks that manage the savings banks.

The regional conferences are both a co-operative educational experiment for adults and an attempt to obtain the participation of the savings banks.

Only the future will tell whether this decentralization of co-operative education will be successful.

The close collaboration we are maintaining between our movement and the

three central syndicates of Quebec has permitted the development of educational services in co-operative economy within the syndical movement for syndicates are fully aware today, at least in our country, of the necessity of collaborating with the co-operative movement toward the general welfare. We wanted, therefore, in this brief exposé, to demonstrate the advantage of establishing and maintaining this collaboration between the co-operative and syndicale movements so favorable lastly, by its joint educational efforts, to the members of our bank.

SAVINGS AND CREDIT CO-OPERATIVES AS A MEDIUM EDUCATION FOR TO-DAY'S URBAN POPULATION

Mr. Jean SCHNEIDER

Vice-Président, Federation of Mutual Credit Banks of the Paris Region.

I am addressing you on behalf of the Federation of Mutual Credit Banks for the Paris region to put before you the main features of the report submitted by us under the title « Co-operative Saving and Credit as a Medium of Education for to-day's Urban Population ».

Unlike the reports presented to you this morning, ours does not deal with a mapped-out plan of education, but solely with the selftaught education gained by the members of saving and credit co-operatives through the mere participation of our mutual savings-banks.

Raffaelli had foreseen the benefits that saving and credit co-operatives could provide to city dwellers. But there is no longer anything in common between present urban conglomerations numbering several million inhabitants and the towns of the pre-industrial era with a population of some tens of thousand inhabitants.

To-day's city dwellers must learn to live in the new modern cities, to adapt themselves to an ever-changing cultural environment, to identify themselves with specialized groups and to get accustomed to new communities of interests. The need for educating city dwellers is one of the most pressing requirements of urban culture. But « educating does not mean ruling »; it does not spell confining or imprisoning. To educate is to meet with people and to seek out with them what answers their purpose, what will enable to advance and develop.

That is the type of education which is meant when we refer to the educational values of co-operative credit institutions : to come together with people with a view to searching in common for ways to improve, to develop. Meeting with

people, searching in common, developing people, — these are the three topics of my presentation.

1) Meeting with people.

Though the new city dweller may often be thankful for his anonymity in the «solitary crowd», which provides him with a freedom of behaviour and action that he would be denied in a more restricted and traditional territorial environment, he nevertheless searches for communities of interest close at hand which he might join to satisfy a need for security and for communication.

Starting from a daily, practical problem, i.e. the use of money, the mutual credit institution may well be one of those many immediate communities of interest; it can also create or promote them.

People who meet in a mutual credit co-operative practise functions of various nature (executives, depositors, borrowers, guarantors) which, however, are never final, but are interchangeable and may even be cumulative : this is the first effectively co-operative aspect of such encounters.

While money is being increasingly considered as a «social value» for those who possess it, people who meet within a mutual credit institution in connection with money transactions reduce it to what it actually is : a tool, a means of exchange made available to them for the purpose of meeting their needs. This is a second aspect of such encounters between people.

2) Searching in common.

In a capitalistic type of undertaking, the man at the top does the talking and the customer listens; in a mutual credit institution the co-operative members do the talking and the agents, managers or employees do the listening; the executives in charge discuss all matters pertaining to the credit co-operative with its members. The mutual type of relationship is based on a common search for the kind of service best suited to its purpose.

This searching in common contributes to the education of all concerned. One of the essential qualities of the searcher is alertness, in other words the ability to listen, to observe, to perceive.

Whereas in the case of a capitalistic type of undertaking, its contact with the outside world is restricted to the narrow line of communication of its product, relationships within a mutual credit institution require the full adhesion to, participation in and consideration of the needs of the community as a whole.

A mutual credit institution not only demands the participation of its members, it invites advice and counsel from all associations or fellowship whose goal is to promote the status of individuals or families.

This opening towards the outside leads mutual credit institutions to work out policies and programs of action within the framework of a restricted territorial group with a view to meeting needs which are either not expressed, or inadequately expressed at the individual level, and which can only be met through collective equipments.

3) Developing people.

Members of a mutual credit co-operative are primarily interested in the banking

service offered and are attracted by the co-operative working formula which makes them a party to the performance of this service.

By virtue of the co-operative principle on which it is based, the mutual credit institution enjoys an advantage over other banking establishments as regards the cost of money.

The city dweller, however, is more impressed by the swiftness with which his needs for credit are met than by the cost of the credit facility. A mutual credit institution catering to the city dweller should take heed of this factor : it would serve no purpose to offer money at lower cost without being able to provide services equal to those of other banks.

As regards the collection of savings and the return on such savings in the way of interest, banks offer an additional « return » in the form of cheques, domiciliation, etc. A mutual credit institution cannot ignore such services, which are indispensable to the city man who lives in an environment where monetary exchanges are daily increasing in volume.

The outstanding feature, however, which differentiates a mutual credit institution from other banking establishments is its ability to provide services in terms of actual needs expressed or discussed by its members, rather than the commercial inducements it may offer.

It is an established fact that financial agencies are incapable of meeting the real needs of families on the basis of terms acceptable to them, because of the competition from commercial and industrial undertakings in the money market. While it is both normal and necessary that a portion of the funds saved by households be invested in such undertakings, it would be senseless if households could not avail themselves of a part of their savings to satisfy their own family requirements through a suitable access to the money market. The mutual credit institution meets this situation; through its facilities « family money goes to families ». This is another distinctive feature of mutual credit.

The fact that the responsible executives of a mutual credit institution are daily dealing with matters of interest rates consistent with good management, their continuous handling of questions pertaining to the role and the proper distribution of savings among the different sectors of the economy, as well as the explanations they give to their members on these issues, constitute for both parties an education in the intricacies of national economy.

This brings up the question as to whether an education in depth along these lines might not contribute to a better understanding of such topics as the creation of money by the banks, inflation and the burdens it imposes on the community.

Credit policies, usually considered as a prerogative of experts, concern families as well; mutual credit institutions provide families with an open access to these policies. And it is in this respect that the mutual credit system fulfills its appointed mission and contributes to the education of mankind.

Mr. UDAYBHANSINHJI

President of the « National Co-operative Union of India ».

I am speaking on behalf of the National Co-operative Union of India and as such, I am naturally supposed to confine myself to the subjects of the Conference, co-operative thrift and credit. I shall, however, venture to make a little digression. I, therefore, crave the indulgence of the Chairman if the subject of my talk is not exactly in conformity with the main theme. What I will endeavour to say would be about education as it does have great relevance to the over all development of the co-operatives. Here, I would mention the Report of the Committee on Reformulation of Co-operative Principles, appointed by the International Co-operative Alliance and presided over by late Prof. D.G. Karve which was unanimously adopted by the International Co-operative Alliance. In this report, Education has been accepted as one of the Principles of Co-operation.

While mentioning this, I cannot pass over the fact that in this very important field, the International Co-operative Alliance has done a great deal especially in South-East Asia where a Regional Office and Education Centre have been set up. This followed the Kuala-Lumpur Congress. All the co-operatives were hoping for such a Centre, because, considering conditions existing after the Second World War from the view point of reconstruction as well, such an institution would greatly contribute towards co-ordinating the activities of the different regions and providing guidelines.

The International Co-operative Alliance lent a favourable ear to this wish and such a Centre was inaugurated by late Prime Minister of India, Pandit Nehru on his birthday on 14th November, 1960.

This Centre has played a most important part in the social and economic development through co-operatives of our region. After setting up of this Regional Office in New Delhi, its activities extended throughout 13 countries from Iran to Australia and it goes without saying that this has really contributed substantially towards the coordinated development of the co-operatives in the Region.

It has assisted in three ways. It devoted itself to educational programmes, then to a programme of technical assistance and it also contributed towards establishing commercial relations between the co-operatives of various countries.

In the domain of education, the Regional Office and the Education Centre have in the past ten years held 72 technical and other types of meetings (conferences of experts, regional seminars, national seminars) with 2,000 people having participated in these meetings.

The Centre also has an extremely important education programme for Registrars of Co-operative Societies and new personnel including those on deputation who must be oriented to proper outlook with regard to co-operatives ; otherwise they would not be of much effective service. With co-operatives having their own trained staff and the Registrars also having proper grounding in co-operation, the movement could keep itself free from dependence upon the Governments.

Moreover, the Centre has several fellowship programmes as well as exchange programmes.

It has also published a large number of books with data gathered at technical meetings and research work done by its personnel. The office printed an annotated bibliography of all literature of interest to the co-operatives in the region as well as a documentation bulletin on all articles which have appeared in periodicals relating to the co-operative movement.

Aside from technical assistance and commercial service the Centre has an additional activity. It helps to organise and coordinate aid to certain developing movements in Asia. It also assists in sponsoring commercial agreements between co-operatives of different countries and we have an example of such coordination between commercial federations in India and co-operatives in Japan.

Since the Government generally controls the movement, we cannot expect it to be fully autonomous. The presence of the ICA in the country has, however, great significance in as much as it has a stabilising influence on the relations between the Government and the co-operatives. The International Co-operative Alliance always kept the co-operative movement alive to their aims and objectives and it has reminded them of the important role they have to play in implementing social and economic programmes initiated by the Governments.

Only the day before yesterday, Dr. Saxena told us that the World Bank which represented a large number of countries had shown great interest in the co-operatives. He also stated that the Bank was prepared to advance loans for the development of agricultural activities to be channeled through the co-operative banks. As the World Bank's interest is evidently related to the functions of the Land Development Banks, the Governments of the States concerned should be all the more enthusiastic and keen to strengthen their co-operative institutions. The advantage is quite obvious. With the flow of credit from the World Bank the States' own resources could be conserved (to the extent of loan provided) which they could deploy profitably for other developmental activities. The co-operatives dealing in loans for agricultural improvement feel gratified at the entry of the World Bank and are anxious to make best productive use of the new lines of credit supplied by the Bank.

I must particularly mention in this connection the support given by Japan. We are very grateful to the International Co-operative Alliance as well as to the Swedish and Japanese Movements for covering large part of expenses of the Regional Centre. This was initiated when the Chairman of the current session, Dr. Saxena, was the head of the Regional Office and I want to take this occasion to tell him and the Directors of the I.C.A. that the co-operative movements in South-East Asia greatly appreciate the services of the I.C.A. and are grateful for the aid received.

This organisation was set up ten years ago and we hope to persuade the I.C.A. to hold its Committee meeting in New Delhi to celebrate its 10th anniversary.

Mr. NORMAN RILEY.

As only delegate from a training institution, institution that is part of a University Department, I cannot let go this opportunity of expressing a few ideas on the subject under review, mainly : savings and credit co-operation as a means for education, if only because our Saint-François-Xavier University, in Nova Scotia, is largely responsible for the creation of credit union in English-speaking Canada. Some forty years ago, it was a strange sight to witness a University undertaking the creation of credit unions and managing activities that are now handled by CUNA International, which did not exist at the time. This University thus contributed to the promulgation of the first legislation in the English speaking provinces of Canada.

In any case, our University accepted, some 40 to 50 years ago, not only to train young men for this profession but also to supply managers for the legal problems, medicine, etc., and to take up a responsibility towards the general public in one of the less endowed parts of Canada.

The University accepted this responsibility. It set up a Department, called « Extension Department » since it was an extra-mural department, managed by Mr. Coady and his collaborators. These men had a philosophy concerning life and men. This movement was called « Antigonish ». The term does not meet with our liking, but it pleased the Antigonicians, who lived in a small town of 5.000 inhabitants.

Indeed, they defined this movement as being an education of adults through cooperation. Dr. Pen was self-educated... He was a professor of pedagogy and education. He was convinced and then convinced thousands of other persons. Then millions of persons. He convinced them, in the first place, that adults could learn, and in the second place, that they start from their economic interests and that the best way, most acceptable and accepted, is the co-operative form.

Activities which resulted in the creation of credit unions, fishing co-operatives, agricultural co-operatives, consumers co-operatives, housing co-operatives, and which originated in Dr. Coady's work, have instilled inspiration and courage in many people all over the world. When I was a Director in charge of education within my Association, we received delegations from India, Korea, South America, Malaya, they all came to ask what we were doing and why we were doing it. Sometimes, they wondered how we succeeded. But Dr. Coady and the people from Antigonish are interested in the movement because it is a popular institution.

Naturally, what you saw yesterday in Alsace is magnificent. From the aesthetic point of view, it was full of charm. But, basically, we must always consider the funds required, the banks, insurance, etc. As educator, I would like to recall that we must not forget that the subject under review should actually be the development of persons, of men. I was very well acquainted with Dr. Coady and he believed that education was a means to unlock, to free all the human beings

powers and possibilities. All the money in the world will be of no avail if we cannot do this very simple thing : liberate and unlock human possibilities.

Well, in 1960, when the I.C.A. Regional Bureau was established, our University numbered only 3.000 students, but it accepted the mission of spreading education on an international level. We now have a Coady International Institute, which undertook to train foreigners as well as nationals, on the basis of Dr. Coady's ideas, which are that the co-operative movement is professional and social. In our eight-month programmes, we try to give all the knowledge that is necessary from the professional and technical point of view, but also to give a training as animators, managers, in order to enable our students to contribute to the education of men.

How far have we succeeded ? I cannot say, since man's possibilities are as yet unlocked. We have 1.400 graduates over tens of countries. Some of them are here, among us this day. We therefore act a vital role as managers and animators of this type of programme.

On the other hand, I would like to say that I noticed we had a slight tendency to say we were going to educate « them ». The other day, while we were speaking of youth, we spoke of « them », of the others. There are the others and ourselves.

We must recognize that the education process is a dynamic and continuous process, and that those persons who are responsible for the direction to give in the field of education must themselves be educated persons. That is why there has been unrest among the students : the educators themselves are not educated to face the changing process of society.

I am thinking of all those who are busy with education, promotion, development : they must be ever attentive to other people's reactions. Because the education that other people wish to receive may not be the education we have found or which we are in a position to supply and give . We must say it honestly. We must be humble enough and recognize, and confess our errors, and then redress them.

But, at a conference such as this one, I think we can say that institutions and especially popular institutions are responsible for the training of an ever-increasing staff and personnel. These institutions need more physical and financial resources to feed an education system that is in a permanent state of evolution. As regards this, we are the fore-runners of evolution through our institute.

Mr. OGUNWALE

Nigeria

I am very happy of this opportunity of saying a few words on our activities in Nigeria.

As you all know, Nigeria is a developing country in which the credit and savings institutions have been only recently introduced. That is why we have great difficulty in making our people become aware of the importance of savings and credit in the economy of a nation.

We are convinced education has an important role in this respect. That is why we are making all possible efforts with a view to setting up an education scheme that is likely to make our people become aware of the benefits they can draw from savings and credit co-operatives.

We are developing education programmes on various levels. We have programmes intended on the one hand for the training and information of the general public, and on the other hand for the people occupying key-positions within the savings and credit co-operation movements. We wish to thank International Co-operative Alliance for the help extended in this field. A few years ago, I.C.A. presented us with a film projector intended for the general public. Field officials sent from Canada were able to train some persons in the institutes.

An Institute has been created in a joint effort with the Government, it is a Co-operative College. There, we train field officials as well as members of co-operatives and all those who take part in the activities of credit and savings associations.

The programme we are implementing in Nigeria is far from simple. Informing the general public of the advantages offered by savings and credit organizations is no easy task. We are doing all our efforts to encourage the people into becoming co-operators. When they discover the advantages of the system, they quickly understand the benefits to be drawn from savings and credit. They feel no disadvantage and they are able to collaborate with their friends. This is most important on the individual level.

For us, education is very important. It occupies a very important position in our budget. In other words, we wish to educate the people with all the means available. We are a developing country and we know that, thanks to the efforts of more developed countries, we can receive help and we know that through I.C.A. we shall receive help that will contribute to strengthening the movement and making it as powerful as it is in your countries.

Mr. INSFRAN GUERROS (F.A.O.)

It is a great honour for me to be among you to take part in discussions with banking experts and eminent co-operation experts.

I mean to tell you what F.A.O. are doing in the field of co-operation. But first of all, I wish to forward the message from our Director, who congratulates you on the efforts made within this second international conference on savings and credit co-operation.

F.A.O. are not indifferent to the concern that fills you. Indeed, our work pertains to the field of savings and credit through institutions. And we insist upon the education and training of member-countries technical personnel. Our work is widely known and I do not believe it is required that I mention our experiences. We are assembled here to exchange ideas.

I must mention that F.A.O. have taken the initiative of convening the first International agricultural credit Conference, that will be held in 1973. We intend asking the main organizations to take part in this Conference. We hope to assemble experts from all over the world. We hope it will enable us to meet with representatives from institutions similar to those represented here with a view to discussing problems relating to the funding of co-operatives but also the financing of agricultural producers through co-operatives, banks and other credit organisms.

Mr. LECOMTE

France

As I have already done on the day before yesterday, I would like to express my worry on the subject of this morning's debate. The impression I received is that everybody talks of their own training and teaching experience within their own co-operative movement. May be not enough attention has been devoted to the theme of this conference, namely : thrift and credit co-operation as a basis for development, and, more particularly, what is being done between industrialised countries co-operatives and developing countries co-operatives to help us in the field of co-operative teaching and training.

I would like to give, in a few sentences, a general description and eventually make a recommendation concerning this unity of action and mutual help on the level of co-operative education and training.

The main difficulty in the creation of co-operatives in developing countries is perhaps not to be found on the level of technical training but on the level of acceptance of the co-operative risk. In countries like Senegal or Cameroun, the present difficulty lies in finding executives who accept the risk of undertaking within a co-operative, since they would incur less risks in public administration or private enterprise.

My purpose is therefore to try and draw your attention on the steps that must be taken together with these co-operatives in order to decrease this risk. I mean that the best manner in which to help budding co-operatives is not to multiply training bodies but perhaps to undertake together with these co-operatives.

I shall mention three examples. In one of the CUNA reports, it is said that agriculture co-operatives from the United States have helped agricultural co-operatives in India to set up plants for the production of fertilizers. They supplied technicians from their co-operatives to help the Indians. This represents a little bit more than setting up a co-operative management training institute.

Another example : our Paris co-operative joined with one Algerian co-operative. We have set up a joint studies office and we have created a joint subsidiary belonging to the Algerian Co-operative and the French co-operatives. We manage to help these co-operatives in developing countries.

A third example : I am technical counsellor on co-operative development. How can co-operative orange-growers enter in relationship with French consumers co-operatives ?

What I wish to stress is that, for a pedagogical help from our own industrialized countries to exist towards co-operatives in developing countries, it would maybe prove necessary to co-undertake with them.

The main effects of this co-enterprise would be the following : on the one hand, it would teach not only co-operative management but also co-operative enterprise within the very co-operatives, that is by means of work done within

enterprises. This could perhaps help modify the national attitudes of our own co-operatives and bring them round to a positive attitude, meaning a supra-national attitude, and to a fight for development, which is not only the struggle of poor nations.

If you accept the premisses of my reasoning, I shall submit to you a recommendation :

Can the Co-operative Federation bodies, the credit institutions or « Alliance Coopérative Internationale » contribute to promote these economic and educational pairings between co-operatives of different countries? I do mean, between co-operatives of different countries, and that means not only on the level of federations but directly on the level of co-operatives, of enterprises?

If this recommendation were adopted, I believe that the federating bodies of the co-operative credit banks could contribute indirectly by protecting these co-operatives against the risks incurred. It is obvious that for a Belgian co-operative to co-undertake with a co-operative from Tanzania means taking one more risk, and I believe that Federations could perhaps contribute their help.

If their recommendation were implemented, it would allow co-operative aid to join in the efforts of the World Bank, since I do not think we ought to help the World Bank by providing it with credits. The Bank finds credits by itself. Nor can we help the Bank by supplying it with experts. It can find them, it is the Bank's job. But what could probably help its efforts is the knowledge that such co-operative or federation which the Bank helps in one country is also going to receive, within the very enterprise, not only advice but also an action undertaken by other co-operatives who are in the habit of carrying out this type of work.

Mr. NYANJOM

Director of the I.C.A. Regional office for East and Central Africa.

I wish to thank you for giving me the opportunity of expressing my opinion on the subject under review.

While dealing with this subject, I would also like to tell you about co-operatives in general. In East Africa, from where I come, we operate more on the basis of the Raiffeisen system, that is multi-purpose co-operatives that include savings and credit co-operation. And we are doing our best to introduce agricultural credit mechanisms while using the existing framework of supply and marketing co-operative societies.

Everywhere through East Africa and in some parts of Central Africa, I have met people who were joining co-operatives and sat on steering committees. They neither knew how to read and write, nor did they know the meaning of a vote. And over a period of a few years, I have seen them become able speakers and efficient animators not only of their co-operative but of their entire community.

It thus appears to me that co-operatives are truly an efficient means of education, especially when dealing with collectivities of developing countries, where illiteracy is one of the major foes that we must fight and conquer.

I have seen number of co-operative employees who started from nothing, from elementary school knowledge or even less. They received a training in commercial practices, business management and now they are useful citizens holding important jobs.

At the present time, co-operatives have brought evidence that in the developing countries they are so useful a means for the training of personnel, animators and managers that we now have a problem on our hands because of the constant drain of co-operative staff going into private industry and trade.

This is a matter that is periodically raised at regional Bureau conferences organised by I.C.A. The question we are discussing is therefore topical.

Now, I would like to say a few words on the subject of highly qualified manpower and its training and I wish to mention the work already carried out in East Africa. And when I say East Africa, I mean some of the countries which are generally considered as being part of Central Africa, such as Zambia, Mauritius, etc.

The I.C.A. Regional Bureau, which was established two or three years ago, has undertaken to complement and develop some of the work that countries of this area carry out for the education of co-operators, training of executives and co-operative staff.

This region managed to implement several training programmes by means of seminars, conferences and instruction courses organised within each country on the national and regional level.

We are very grateful to the various organizations such as the Swedish co-operative Movement which send a generous offer allowing us to implement our educational programmes, thus complementing the contribution granted by I.C.A. through its London office.

The member-countries requested the Regional Bureau to examine this programme for the training of highly qualified personnel and we now plan to set up several high level seminars and conferences to discuss the region's needs in matter of training and intensify work already performed on a national basis by each country. The needs are very large and now, at the present phase of the movements' development, this is a field that cannot be too often emphasized, since the governments of these countries have accepted co-operatives as a truly vital part of their development programme. Everywhere it is said : Co-operatives must prove themselves; they must demonstrate that they are an efficient tool for growth. Conversely, they should make room for some other system that will prove efficient.

This is why co-operative movements within each of these countries are speeding up their programmes in order to enable co-operatives to become an efficient development tool.

The I.C.A. Regional Bureau has also started work in the field of co-operative research. Planners have a difficult time when they try to seriate problems dealing with co-operative development. Commissioners and movements have submitted to the Regional Bureau a long list of study and research subjects. The Regional Bureau has already started research. And we are witnessing that the spirit of regionalism and co-operation on a much wider scale is developing in a manner that was never reached before now.

SYNTHESIS OF THE DISCUSSION ON THE SUBJECT OF THRIFT AND CREDIT BANKS AS A MEANS OF EDUCATION

Mr. Yvon DANEAU

Managing Director of the « Conseil de la Coopération du Québec ».

Some years ago a French author wrote : « The ideas men have of themselves generally evolve less quickly than the reality they are subject to. » I think that the conference members who addressed us this morning have each shown, in his own way, that the educational measures taken by thrift and credit institutions attempt to mitigate and, if possible, to eliminate the cleavage between man's thinking and reality.

The American sociologist, David Reisman said that in a traditional society action in the present is based on knowledge of the past or is inspired by *what has already been*. In a technological society or an industrial one, to the contrary, *present action is based on the future*.

We could summarize all of the speeches in saying that education in thrift and credit banks attempts by appropriate means and methods to favor some degree of adequacy in man's ability to handle daily challenges.

These objectives are the job, as the case may be, of :

1) *members of co-operatives*

— by courses on budgets as suggested by Messrs. Hefter, Charron and Soupras and also with the big syndical centers as noted by Mr. Soupras.

2) *staff*

— by advanced courses at CUNA, at the Institut Coopératif Desjardins and several French institutions.

3) *elected directors*

— by conferences or intensive seminars as specifically mentioned by Mr. Schneider.

I also note the efforts made by savings and loan institutions to establish ties with universities. Such already exist in the United States with the Universities of California, Madison, Emory and Houston; they also exist in Canada with Laval, Sherbrooke, Sir George Williams College and at the Coady Institute and they exist in France with the Collège coopératif de Paris. These are important contributions for these advanced schools can have a profound influence on the orientation of the co-operative movement.

Further let me express a very personal apprehension with respect to the development of the co-operative movement in industrialized societies. It seems

to me that a lot of research is being done on developing countries and I approve of this. But I feel some anxiety about the orientation, the thinking and the evolution of the co-operative movement in the industrialized countries.

Education in modern techniques itself inspires a certain attitude, favors the appearance of a model of department. But does the co-operative movement really contribute to *innovation* in our so-called developed societies and to inspiring adult education or does it derive essentially from other sources? I think that the co-operative movement borrows from other sources and that this is a good thing on condition that it rapidly recuperates the special points that characterize its institutions. It is imperative that we adapt to new conditions without becoming in any way chameleons. Just as we frequently do in the case technically under-developed countries, I aspire to the day when the directors of co-operative movements in the developed countries will sit down to a table and attempt to evaluate the quality of co-operative activity in their own society. We must urgently attempt to recover the fundamental values on which our co-operative institutions are based in the face of the rapid changes industrial societies are facing. This work would greatly assist in deciding upon the orientation of co-operative institutions in these countries.

Mr. Chairman, further enlightenment on the orientation and role of thrift and credit institutions in the developed countries would be very useful in inspiring the type of relations to which Mr. Lecompte referred a few minutes ago.

There is no doubt that thrift and credit organizations in the developed countries can aid considerably similar institutions in the developing countries. This aid may be of many kinds. Several of them have been discussed in the course of this conference so I will say no more on the subject.

But the aid of thrift and credit institutions in the developed countries would be all the more valuable if the latter were certain of their own future in a society that has less and less in common with the society into which they were born.

I am offering this as a challenge to thrift and credit institutions of the developed countries for, as far as I am concerned, only when this challenge has really been accepted can bilateral or multilateral aid assume its true significance.

Mr. LACOUR,

President of the Co-operative Credit Union.

**SAVING AND CREDIT CO-OPERATIVES IN RELATION TO TRADITIONAL
BANKING ESTABLISHMENTS AND TO OTHER CO-OPERATIVES**

Owing to the large number of speakers scheduled, I am going to request each one of them to restrict the duration of his presentation, otherwise we would not be able to complete our work within the time allotted to us.

Reproaches have been voiced, — which may not be entirely justified, — to the effect that our conference was not sufficiently lively. I suggest that, after completion of Mr. Lamarche's and Mr. Chomel's presentations, a few minutes be devoted to a discussion of the subjects dealt with, so as to enable those who wish to express themselves for or against the opinions advanced may do so with all the forcibleness desirable, without allowing intervening speeches on other topics to abate their ardour. I shall request those of you who wish to take the floor to let me know their name as speedily as possible. We will follow the same procedure after each of the succeeding presentations.

I further want to announce that the representative of the World Bank wishes to submit a paper regarding the kind of assistance this bank can give to developing countries. Although his presentation was not scheduled in our programme, we consider the subject as particularly important and interesting, and we will, therefore, hold a special meeting in the hall on the 1st floor, in the course of which Mr. Goffin will present his views; and you will have an opportunity to put questions to him, if you wish to learn in what way the World Bank can help in your particular case.

We are now going to deal with the subject which constitutes the topic of this morning's meeting :

**SAVINGS AND CREDIT CO-OPERATIVES IN RELATION TO TRADITIONAL
BANKING ESTABLISHMENTS AND TO OTHER CO-OPERATIVES.**

I shall call upon Mr. Lamarche, who is our rapporteur, to address the meeting.

SAVING AND CREDIT CO-OPERATIVES IN RELATION TO TRADITIONAL BANKING ESTABLISHMENT AND TO OTHER CO-OPERATIVES

Mr. LAMARCHE

Canada

I attended, a few years ago in Europe, a seminar in which participated European bankers from England, the Netherlands, Denmark, Belgium, Switzerland, France, Spain, Italy and Germany. I was the only Canadian participant.

Towards the end of the debates, I submitted a paper on the subject of the bank credit card, seeing that we have had several years' experience with this card and found the results to be quite positive. The reaction to my presentation was rather unexpected. In short, what I was told went something like this : « In view of our traditions and established customs, the adoption of a bank credit card is unthinkable. »

You all know the sequel of this story.

That happened in December of the year 1965.

As my first observation after the meeting, I said to myself : « Had there been members of co-operatives present, they certainly would have had a different reaction, — all the more so had they been French. For the French are the worthy heirs of a mind as brilliant as that of Descartes, who called his very existence in question and steadfastly refused to discard an idea « a priori » before having scrutinized it from all possible angles, — just as a workman would shrink from throwing away a tool before having tested all of its possibilities. Descartes bequeathed this precious heritage, which was turned to account throughout the world ; he also was the first protester, the forerunner of to-day's youth as it challenges the concepts of our society.

And here is my second observation : we had commissioned a Canadian economist, — who may not be known internationally but is an expert on money, — to make a study on the subject of bank credit cards. Two years ago, he gave as his conclusions that the bank credit card, which is based on electronic operation, would in future become the universal means of payment transactions, that it would gradually take the place of cheques and that the use of paper money would be reduced to a minimum. To-day, as you all know, because of the huge volume of cheques in circulation, — in the United States at least, — electronic cheque-sorting machines are already swamped. I am not suggesting that we should concern ourselves with such problems; co-operative experts have always known how to cope with difficulties and to take up modern challenges encountered by them, — as evidenced by the fact that co-operative experts as well as co-operative institutions are still very much alive and active.

Incidentally, I might tell you that we have published and issued the study

referred to, — a very technical study indeed, — and that we will be glad to supply you with copies, subject to available quantities.

At a seven years' interval, another problem was raised by the same economist. After analysing our clearing problems, his conclusions ran something like this : saving and credit co-operatives are clever at collecting deposits, but these deposits are like money burning a hole in one's pocket. As a matter of fact, a more elaborate study should be undertaken to ascertain where these funds are going to, and to devise means of retaining the fruits of such valuable pickings, which nearly always find their way to the capitalist banking system or to other agencies of the capitalistic sector.

My final observation will be to refer to certain apprehensions which I thought I could detect after reading the papers about to be presented this morning. What I have in mind is the respite given to us saving and credit co-operators to take time for reflection and to find the key to the specific problems of our respective countries.

As I hinted earlier, the bank credit card owes its existence to electronics. Now, a book has recently been published under the title « Age of Discontinuing » and the sub-title « Links to Future Society », by an eminent American economist of international repute named Peter Strudel, who was born in Austria and worked in England. This book is likely to startle the experts in monetary and even of economic matters. It draws a parallel between, on one hand, the discovery of electric power through the generator and, on the other hand, its practical application which brought the benefit of this discovery within reach of the entire population of the globe. The author points out that it is not so much the inventor of the generator who served mankind best in this respect, but that it was in fact Edison who, through his invention of the incandescent lamp, made electric light available to every household at moderate cost.

The author then proceeds to compare the generator with the computer, which is a discovery of the present century but whose practical « language » is not yet known to the general extent where it can be of beneficial and economical use to every home in the civilized world.

I believe that it behoves us to learn how to make full use of this electronic tool which has been put into our hands. I further believe that we should remain optimistic in the face of the bugbear of capitalistic competition from international banking, for the computer's practical « language » is not about to be discovered to-morrow, — and it may well be up to us co-operators to discover it!

Mr. CHOMEL,

Director General of the French Bank for Co-operative Credit

On this theme : « Thrift and credit co-operation in relation to traditional banks and other co-operatives », I pass on to you a few thoughts concerning the field of action and development models of thrift and co-operation.

The changes affecting what we call our post-industrial societies, and in particular the extraordinary development of the function and techniques of banking, do in fact confront our institutions with fundamental decisions to be taken not only for their own future but also for that of an economy which remains, or rather which is becoming, more human.

The consideration of the future of these institutions as compared with traditional banks and other co-operatives is an invitation to think over their strategies.

As our institutions are also business concerns, their strategy must first and foremost be directed towards expansion, i.e. the maintenance and extension of their share of the market. As these same concerns are also co-operative institutions, their strategy has to submit to a further condition : that of respect for their initial vocation. Once they have passed the dangers of sclerosis in the structures and techniques of an otherwise fertile past, there is certainly a risk of an economic success achieved to the detriment of their social significance as co-operatives.

The double examination we are called upon to make by this question of the relation of thrift and credit co-operatives to other co-operatives and to banks inevitably raises these orientation problems which have to be met by the majority of credit, co-operative and mutual aid organizations, albeit at different times and, later on, in different terms, according to their degree of development.

The question of relations with other forms of co-operation cannot be separated from the more general one of thrift and credit co-operation's field of development.

The question of relations with traditional banks leads on to an examination of the extent to which modern economy brings thrift and credit co-operation models closer to those of traditional banks and, for this very reason, of the extent to which the co-operative sector will remain that of « a bank different from others », loyal to its origins in spite of new techniques and structures.

Where the field of development is concerned, we note first of all that, for banking activities, modern economy presents constraints which all and every kind of model for banking organization development must accept.

These constraints are no doubt the consequence of economic expansion and technical progress in exchanges, but also, to an even greater measure, of the insufficiency of savings as compared with investment requirements.

As a result, the effort needed for the promotion of saving implies that financial organizations for their part will have to diversify their services and techniques for

both thrift and credit and will have to use progressively more sophisticated formulas. At the same time, those who save will have to be certain of a higher rate of interest.

For these two reasons, the prospects for operations in the banking sector are far from being as favorable as in the past. And as all banks are confronted with this same problem of maintaining their share of the market in this context, competition here is becoming sharper and sharper : from being, as it was earlier, a protected sector, banking has become over-exposed. At the same time, deep and rapid transformations have put to the test the ability of these institutions to change and innovate, and has forced them to adapt their structures and concentrate their undertakings.

Thus, the technical reply to these constraints is vigorously confirmed at the banking level : for organizations which have reached maturity, the modern bank will be a bank giving complete service, offering the widest possible range of techniques for savings, credits and even insurance. And as the setting up of these products and networks is costly, this bank will be open to everyone. For the same reason, the bank will be large or, at least, it will have to have organic links with a group capable of supporting the infrastructure which such a program implies.

There is no doubt that, to a considerable extent at least this reply is also thrust on most organizations for thrift and credit co-operation. The tendency towards the « full service » bank and the « bank for all » meets the technical need for amortization of infrastructures and for the maintenance or increase of the market's share through a widening of the field in which capital can be collected.

Having said that, observations of two kinds are necessary in order to modify this statement and to give a more exact appreciation of this tendency where thrift and credit co-operation is concerned. Firstly, the effects of this orientation have to be varied to suit the families for whom thrift and credit co-operation is to be provided.

In this respect we can classify such co-operative bodies in three groups :

- a) family savings-banks,
- b) Raiffeisen-type rural or peoples' co-operative savings-banks,
- c) co-operative savings-banks or banks promoted by co-operative organizations for their own financing but none the less collecting directly, or through co-operatives, the savings provided by co-operators for either the financing of co-operation or the giving of credits to co-operators' families.

It is obvious that these different organizations are diversely affected by despecialization and the extent to which they are open. In the near future at least, family savings-banks may not be affected to the same degree as most of the organizations coming under the other two types.

The modification of this general banking tendency where co-operative organizations for thrift and credit are concerned leads to a further observation which concerns the field — a privileged one for them — of their relations with other co-operatives.

In the minds of the founders, the initial objective of thrift and credit co-operation was not only to free their associates from usury but also to mobilize

savings for investments in new and varied co-operative forms capable of offering other services to these associates and of promoting an economy of general interest.

The thrift and credit co-operative's field of development is thus very specially that of co-operative development. But, while there is no question concerning the doctrinal, theoretical and historical aspects of this appeal, we still have to verify that it is really a case of a procedure which is open to expansion and then that this sector always requires specific financing incumbent more particularly on co-operative financial organizations.

As a procedure open to expansion, the purpose of co-operative development may be briefly summed up by the calling to mind of a few aspects of co-operation as it exists in the economy of our day, of the new boundary lines of an open co-operative sector and finally, of inter-co-operative development possibilities.

A few examples of recent co-operative developments will illustrate how co-operation in various forms has its proper place in the modern economy. Some of these correspond to structural evolutions necessary to certain socio-professional branches. Others satisfy both certain new aspirations now making themselves felt in society and some of the new or insufficiently covered needs which arise through movements in the economy of the market.

The growth of co-operation among retail dealers in France during recent years, the multiplication of medical co-operative groups, or the founding of artisanal co-operative societies in the field of fishing equipment, all provide sufficient proof of the nature, diversity and importance of co-operative developments corresponding to socio-professional structural transformations.

There are other co-operative initiatives, likely to grow in numbers from now on, which go perhaps even deeper, sometimes taking the form of workers' production co-operatives. They interpret the rise of a desire for autonomy and participation by those who, according to one of their number, call themselves « dogs without collars », without for all that putting such co-operatives outside the sphere of economic competition.

Finally, considerable potential co-operative developments are offered in the field of new needs implying the setting up of equipment, such as that of social housing and auxiliary equipment for homes. Similarly, significant ventures in the field of leisure equipment have recently been successful in France.

Thus a vast field of development is open to co-operative innovation; it is an integrated part of the efforts towards the « invention of new societies » which is not only the consequence of certain technical evolutions but is also itself a factor or condition of development.

The justification of this claim brings us to a second series of observations which concern the new border lines of an open co-operative sector; here, the nature of things coincides with co-operative financing's intentions. Brought down to essentials, does not the delimitation of this sector correspond in fact to the very broad notion of an economy for the benefit of all, which would pursue the aim of service to its members or sometimes, in a more general manner, development, and not the maximization of dividends served to capital?

This private sector covers not only the very diverse economic activities of what we in France call « associasism » but also those of mutual provident societies and numerous social organizations which intervene, in particular, in the fields of

social housing, health and leisure, and whose origin is trade unionist or professional.

If we complete the picture by adding the possibilities open to inter-co-operation, we can then assert that, though history and doctrine link co-operative development essentially to thrift and credit co-operation, it none the less remains open to extensive growth.

At the same time, the financing of co-operatives requires a specific financial organization which is itself co-operative; this double relationship securely fixes the bonds which unite thrift and credit co-operation to other co-operative forms.

Why ?

The originality and heterogeneity of the co-operative undertaking as compared with the capitalist economic system are indeed striking enough to have aroused, in the past, discriminatory treatment by private and public banks. Doubtless reduced today, the fact that such discrimination was practiced in the past is sufficient justification for a specific financial organization.

An analysis of the special nature of this intervention to be made by the co-operatives' financial organization induces us to stress three essential aspects which I will just mention : its role as co-operative development agent, its inter-co-operation role and, finally, its particular credit distribution methods which closely associate the co-operative banker with the management of ventures and necessitate very personalized credit, an intimate and thorough knowledge of the undertaking and an « encadrement » of these ventures or, if you prefer, as Dr. Saxena says, an integrated credit.

Our examination thus closes with an extensively positive reply to the question raised.

Without questioning an often inevitable evolution towards a bank for all, history and future prospects concur in requiring that thrift and credit co-operation reserve an important place in their programs for a specifically co-operative development broadly open to growth, since its activities finally concern a whole sector of the economy which is of interest to all and with regard to which thrift and credit co-operation can occupy a privileged position.

Thus, the tendency towards a bank open to everyone and carrying out thrift and credit co-operation can be counterbalanced with the latter by the existence of a wide sector of co-operative and para-co-operative clientele of a nature to guarantee loyalty to its principles and social vocation.

The specific field of thrift and credit co-operation thus affirmed also brings us to its specific model of development, which is the second object of our reflections, i.e. thrift and credit co-operation as compared with traditional banks, a bank unlike others.

We now have to go into further detail on the outline already indicated of the development model characteristic of the so-called traditional bank, which is becoming less and less traditional.

Essential traits already noted : imperative greater dimension, complete service, a bank for all. A less hasty portrait must also mention the importance of agency networks. It must likewise specify that the expression « a bank for all » is somewhat fallacious and that it only defines the field of bank marketing investi-

gation called upon to play an increasing role, and whose task it will be to determine the « clientele segment » to be retained.

Another determining element in the physiognomy of the modern bank : computer processing, with an intervention capacity which will continue to transform the treatment of present operations and will offer new developments and extensions to banking activities, for instance in the automatic transfer of funds.

As against this type-portrait, the specific model for thrift and credit co-operation development can be envisaged from two standpoints : on the one hand, the incidence of co-operative status and scope on orientations; on the other, special features at the technical and banking operations level.

In the consideration of the consequences of the co-operative status, we will keep to the idea of co-operation restricted only by the limitation of dividends served to capital, by the double qualities of associates and utilizers and, finally, by the vocation of co-operation in the economic education of members.

The limitation of dividends to be paid to associates certainly does not exonerate thrift and credit co-operation « managers » from seeking out an operational excess. None the less, the criterion of management is no longer maximisation of profit. There is no doubt that, during recent years, the evolution of large-unit capitalism has shown that this maximum profit criterion has been counterbalanced more and more frequently by other elements which management teams have taken into account : long-term preparation, and a more social atmosphere in the firm, in particular.

All the same, directors of thrift and credit co-operatives have, in this respect, greater freedom to concern themselves with these matters, especially where long-term preparation is to be carried out. As regards the question of a more social climate, the firm can and must take on a second task, that of at least taking into consideration the human cost of developments or structural adaptations, which economists are now discovering as the original loss which falsifies the brilliant achievements of capitalist undertakings. This, incidentally is no theoretical or futurist wish : interventions by various thrift and credit organizations in many countries have, in effect, taken these human costs into account in the support they have granted, acting together with local authorities, to professional co-operatives called upon to assume the responsibility of structural evolution for the purpose of modernization and concentration : agriculture, retail business and maritime fishing, for example.

The second principle, that of the double quality of associate and utilizer, continues to be the basis of thrift and credit co-operation, even though it has already proved necessary to find compromises so as to meet the needs arising from the widening of its activities. It remains for us to see that the present evolution does not reduce the associate aspect to a non-representative sample of the real utilizers.

In any event, as compared with so-called traditional banks, the differentiation here is fundamental, and its consequences are to be envisaged, firstly, in the sphere of this power exercised by utilizers.

A Board of Directors, a Control Board and a Credit Board, frequently combined with a two-level or three-level structure, are the means by which utilizers exercise this power under co-operation, which thus acquires an original character; but a defining of its points of impact on banking activity and evolutionary tendencies is not without interest.

As the dimension of these organizations becomes greater a tension may arise, concerning orientations, as between the « management bodies », more particularly bent on seeing that they are not outdistanced by the other banks in the technical evolution field, and these « association networks » made up of militants, active associates and committee members, who are more sensitive to problems with which they are directly in touch.

A tension that is a healthy one when communication between directors and management staff is adequate and of a kind which provides a variety of real impacts in their co-operation : personalization of credit and security in engagements undertaken, resulting from the collaboration of credit committees which thus retain their full importance. Another point of impact at present being studied : that of a bank capable of perceiving the « human costs » thanks to its « association networks », thus offering to utilizers a less technocratic and « demythified » appearance, in spite of invading new techniques.

After the principles and their practical realization, it is at the banking techniques and operations level that co-operation can make itself felt and can transform into actual achievements the search for participation which is its very essence. For such participation must cover not only efforts towards more democratic ventures but also strivings for greater efficiency as well as the vocation of economic instructor for members.

For indeed, when it is a question of banking activity, the originality of thrift and credit co-operation does not reside in that of its techniques, which must assimilate progress and evolution in financial structures and thrift formulas, as well as in the automatic execution of operations, as soon as they appear. The innovation, and consequently the original feature as compared with other banks will be that, in the application of these techniques, they will introduce a maximum of co-operative participation, using this term in its most general sense.

In order to understand this essential aspect more clearly we will take as an example the practical application of bank marketing in thrift and credit co-operation.

The introduction of marketing techniques in banking activity is becoming generalized : systematic determination of « clientele segments » so as to attain a thorough knowledge of this clientele, and a preliminary study of its requirements; preparation of a corresponding range of « products »; rationalisation of operational and distribution methods ; programming of the whole.

The assimilation of these techniques, which corresponds to an effort of methodology of empiric proportions, is an important acquisition for the co-operation banking sector.

The work of mobilizing co-operative motivations thus becomes a matter of their analysis and of knowledge which is more precise and less derived from tradition; it can become not only a search for a better adaptation of products, with associates' participation, but also an effort directed towards the clarification of operations, bringing out more particularly, and thus rendering more real, the co-operative and mutual aspects of these operations : for example, the establishment of a relationship between the success of an issue and the financing of the types of investment or activity in which a certain « segment » of associated clients are interested.

The intervention of marketing will likewise take on the form of research for

an optimum utilization of co-operative networks : local agencies and savings banks which are the decentralized management mechanisms involved, will certainly be endowed with the means and intelligence for a more aggressive action. Methodical communication will also be established with networks of associations made up of members of the various Boards and committees, and with active associates : these co-operative forces, which administrative bodies might tend to neglect, will thus be revived for very positive interventions.

Further examples of the co-operatisation of banking techniques could be taken from co-operative thrift, or again from the different aspects of credit operations. Indeed, very early on, the credit operation presented an occasion for economic education. At the same time, it was inserted in the « organization of solidarity » mechanisms set up for the guaranteeing of engagements entered into. Later, it was completed by the co-operative « encadrement » process for the purpose of promoting a successful conclusion.

But, with regard to all these examples, I must refer you to the texts of the reports. All sufficiently illustrate that the co-operation of banking intervention characterises most of the interventions by thrift and credit co-operation : it is of a kind that will confer on the latter, through co-operative assimilation of modern banking techniques, an original physiognomy consistent with its vocation, and additional efficiency.

In conclusion, the specific role that thrift and credit co-operation plays in the co-operative sector and with its management principles should not prevent it from shouldering its share in the great tendencies which dominate the evolution of banking. It is obvious that thrift and credit co-operation should strive to be a banking organization giving full service in the widest sense of this expression.

Although a listing of recent and coming acquisitions of a wide range of banking products is not part of our subject, it should for example integrate real and personal estate credit-lease systems, participation mechanisms, and even « risk capital » which conditions the dynamic intervention in expansion or structural adaptation processes. The evolution towards « a bank for all » should not be thrust aside either, although it can only be progressive, all the more so as thrift and credit co-operation, both in its own interest and as a vocation, concerns itself first and foremost with the « clientele segment » likely to be interested in co-operation which is the foundation of our operations.

Its winning cards in the face of competition, the weak point of which is the depersonalisation of banking services inherent in the structure of large banks, are numerous. We have seen that these are the consequence of the originality of its scope and development.

From now on, thrift and credit co-operation, in relation to other banks, will assert itself as a stimulating competitor, but this does not mean that it cannot also be a partner. The present era is not one of static structures or models, and thrift and credit co-operation's prospects tend towards giving it the role of an agent of « economy for the general interest », widely open to the innovations necessary to ensure the correct operation of modern economies with a minimum of human costs. This is a theme which, in one way or another, will hold the attention of the next congress.

Mr. François DEBEUGNY

of the Mutual Credit Banks of the Paris region, France.

In the excellent presentation made by Mr. Chomel as spokesman for the Co-operative Credit Union (France), dealing with the specific characteristics of saving and credit co-operatives as against those of other banks, he stated that, with the increase in size and scope of co-operative organizations, « some degree of tension as regards the selection of objectives may crop up between their management — whose particular concern is not to lag behind other banks in respect of steadily improving techniques — and the active and militant members of co-operatives who are more alive to the only problems which they perceive directly ».

I have never been more conscious of this tension than when I read Mr. Chomel's report.

Jointly with my colleagues, in our capacity as voluntary administrators of federal organizations, we are called upon to set up managing units and to delegate powers to them. In the exercise of these responsibilities, the economic restraints or limitations to which our co-operatives are subjected as commercial undertakings are determining factors, and in that respect I would certainly endorse Mr. Chomel's conclusions, which in fact are in conformity with the views of our own national organization, the « Confédération du Crédit Mutuel ».

- Saving and credit co-operatives will have to become regular banks with complete banking services, which means that the technical conditions under which they are to operate will necessarily require considerable expansion in scope and an increasingly broader « open-door » policy.
- This development will entail a revision of the traditional structural organization of saving and credit co-operatives at three operating levels : at the local level they will have to relinquish their self-managing role to a regional organization having all of the characteristics of a big regional bank; in the event that such a bank cannot be brought into being, local co-operatives will have to combine or join forces with a polyvalent banking establishment.

Nevertheless, in my capacity of active and militant member of the saving and credit co-operative system, I would like to discuss certain basic features of the report presented on behalf of the Co-operative Credit Union, in an endeavour to arrive at a closer definition or delimitation of its conclusions.

1) The report draws a very clear distinction between :

- Co-operatives whose activities are exclusively centred on transactions connected with family budgets,
- Co-operatives of rural or « popular » origin which have long since become integrated into, or identified with, the commercial sector, after starting their operations in the family, agricultural or crafts sector,

- Co-operatives or co-operative banks promoted by co-operative organizations with the object of financing them.

The mutual credit institutions of the Paris region belong to the first of these three categories.

What task or role does the author of the report assign to these mutual credit institutions in the developing process of saving and credit co-operatives? Will they remain as they are, with their present limited objectives, on the fringe of general progress? Or do they constitute the first phase in the development of the saving and credit co-operative system? The author of the report is mute on this point. In either case, however, they would be doomed, either as a result of being smothered or in the process of being converted.

The author of the report cites the Quebec savings-banks as a typical example of such institutions. This example is reassuring to the mutual credit institutions of the Paris region, for it appears quite evident to us that the Quebec savings-banks do not belong to an obsolete past, that on the contrary they represent one of the best courses to be followed by the saving and credit co-operative system in the years to come. But they do not figure in the scheme of the author of the report.

2) Mr. Chomel contends that saving and credit co-operatives are unavoidably bound to be converted to « full service » banks. This means that every co-operative, as well as their federal units, would have to expand to an ever increasing degree and consequently to be increasingly open to everybody. It is to be feared that co-operation would then become a more commercial euphemism, a case of customers' selection, a mode of approaching patrons. It would no longer be a matter, as contended somewhat ambiguously by the author of the report, of techniques serving the cause of co-operation, but rather of co-operation serving the cause of commercial techniques.

The premise of this line of argument, however, does not strike me as being absolutely obvious.

Savings-banks in France are collecting a considerable amount of savings, though at the present time the services offered by them are exceedingly limited.

The Quebec savings-banks do not offer all of the services made available by the big banks; they do offer, however, services in line with their vocation or calling in matters of education, — which cannot be offered by the banks.

Building societies in England are not « full service » banks; their success, nevertheless, is undeniable.

In conclusion, I might quote here the opinion of an important French banker in the capital investment sector, who considers that collection of savings among private individuals should not in future take place over the counter of « full service » banks, whose premises and fixtures are very costly, but should be performed through a closely knit network of family savings counsellors who would work exclusively on the basis of personal contacts.

3) In the opinion of the rapporteur for the Co-operative Credit Union, saving and credit co-operatives are in a particularly favourable position to deal with public authorities and to participate with them in implementing their economic programmes. I am unreservedly of the same opinion and I consider that it should be supplemented by a few addenda regarding the social programmes promoted by public authorities. While the State has long since realized that it

could no longer abstain from intervening in the economic sector in order to achieve overall economic objectives, its activities in that field are increasingly aimed at social objectives; and in the much heralded « New Society » the emphasis is no longer laid merely on the « standard of living » of members of the community, but also on their « style of living », on their insertion into the economic and social life.

This topic having formed the subject of another session of this congress, we shall not revert to it to-day.

But what I would like to emphasize in concluding is that saving and credit co-operation, with its fitness for participating in economic and social activities promoted by governments, — and in which governments have long since been engaged in pursuit of their social objectives, — cannot be assimilated to a bank and become the like of any other bank, for if that came to pass we would lose our soul.

Mr. LACOUR — The audience appreciated the speaker's presentation, but one of his remarks should be put right : he indicated that Mr. Chomel was the spokesman for the Co-operative Credit Union; Mr. Chomel, as do all other speakers present at this congress, spoke in his own name. When a report is prepared by an organization, it is specifically mentioned. The interest of this convention lies in the fact that everyone can freely propound his ideas, without being answerable to an organized group.

Does Mr. Chomel wish to reply to the speaker ? Is there any error of interpretation in the reproofs expressed in the speaker's presentation ?

Mr. CHOMEL — I was well impressed with Mr. Debeugny's presentation, which he made not in his capacity as a representative of co-operative management organizations, but rather as a representative of what we call « association organizations ». This fact goes to prove the vitality of the co-operative system and constitutes a first reply to his presentation.

The question put in his speech, however, is relevant; the fact that we have been requested to be brief has made it impossible for me to deal exhaustively with the role which remains to be played by the representatives of the « association » networks to which I have just referred.

Centralization, from the technical standpoint, militates not against, but in favour of the « association » networks playing an increasingly important role in the formulation of options and policies, to the extent where centralization segregates them from the technical tasks, the latter falling unavoidably within the scope of centralized techniques.

I believe that this statement qualifies and supplements my presentation and constitutes a reply to the essential points of Mr. Debeugny's report.

Mr. KLAUHS,

Director of the « Genossenschaftliche Zentralbank », Austria.

The Austrian credit system is subdivided into five groups : banks, private banks, banking companies, savings banks, Raiffeisen co-operatives ; mortgage banks and popular banks. Other credit institutions — consumer co-operatives with savings divisions — are not of any great importance.

The Genossenschaftliche Zentralbank of which I have the honor of being director has a capital of 5 milliard schillings ; this also includes the group of popular banks.

I must add that the Raiffeisen division in past years has developed extremely well and today we represent more than a quarter of our country's capital. I conclude from this that the credit co-operative has a special function to fulfill in our credit system.

These banks are autonomously administered and managed and belong to their members and their depositors also have a right of codetermination that does not exist in non-co-operative banks.

Our organization is based on active solidarity and participation on the part of all members of the co-operative in the management of the enterprise. They are, therefore, more than simple users or clients in search of good service. They are expected to involve themselves in questions of common management, an involvement by personal participation of the members in the general assembly and in making decisions.

The credit co-operatives do not attempt to realize maximum profits but they do try to establish proper capital. The profits accruing from their affairs are shared by members and clients in conformance with the promotion principle that underlies credit co-operatives.

The credit co-operative must satisfy as well as possible the claims of their members and clients and today this means — I completely agree with Mr. Chomel — that the credit co-operatives must advise their members and clients on all financial problems, must be able to suggest investment possibilities and must furnish necessary credit in appropriate form.

Credit co-operatives constitute therefore, a sort of universal modern bank; they must remain faithful to the principle of having a crystal-clear business policy even though the application of this principle may be inconvenient in competitive struggle. It is nonetheless in the interest of all members to preserve this principle insofar as it is compatible with modern management methods.

The two co-operative unions of Austria, the Raiffeisen banks and the co-operative unions that support the popular banks include not only credit co-operatives but also production, transformation and marketing co-operatives.

The second subject on our agenda is that of the relationship of thrift and credit

co-operatives and other co-operatives. Practically speaking, co-operation between different types of co-operatives can express itself on different levels : on the primary co-operative level by local contacts, close business relations, that is to say through the assistance the credit co-operatives give to members of other co-operatives in settling what for example the milk co-operatives owe, the keeping of accounts, etc. On the central level this means that the finances of co-operative unions are managed by central co-operative banks both as far as investments are concerned as well as advice in all financial matters.

On the basis of these studies I reached the following conclusion : the credit co-operatives have a special mission to fulfill within the framework of the banking economy of all countries. It is precisely this mission that distinguishes them from other credit institutions. This difference appears notably in the type of organization that allows all members of credit co-operatives the right of codetermination as well as influence in respect to business policies.

This difference is apparent also in the type of business management of credit co-operatives whose objective is not the realization of maximum profits but an improved standard of living for all its members.

The future development of credit co-operatives and their position on the market will depend on their capacity for increasing productivity. Credit co-operatives should use modern marketing methods, that is, take into consideration the circumstances of their clientele, their awareness or lack of awareness and furnish them with a complete program of services; among these services are savings programs, investment counselling and insurance.

If the credit co-operatives do not want to risk losing ground to their competition which is continually growing they must often see to taking measures necessary to improve their structures.

They must, for instance, concentrate on a pre-determined plan. This would mean the creation of institutions to insure a complete banking service and serve their clientele in every respect. Personal contact must be preserved however, between employees and clientele. When mergers are not possible or desirable, the different credit co-operatives should attempt nevertheless to achieve a degree of co-operation in given areas.

I hope that in my brief address I have been able to contribute to the discussion on this subject : thrift and credit co-operation in relation to traditional banks and to other co-operatives.

Mr. SHIPE,

Managing Director of International Cuna.

I have no intention of reading you documents which have been distributed dealing with credit unions and banks in the United States. I do want, however, to summarize certain points.

I would say, for instance, that commercial banks have been the chief financial institutions to grant credit in the United States. They are also the principal savings institutions for individuals. When our country had just come into existence there was an immigration of a large portion of our population from the east responsible for forming savings institutions that, in turn, helped the people settle. In the 20's we saw the beginning of credit based on the Raiffeisen doctrine. We also witnessed at the beginning of the century the real development of agricultural credit which now makes up an integral part of the agricultural credit organization's program.

Relations with credit institutions have always been rather friendly. We have direct business relations with commercial banks. Our credit unions have no deposit accounts but, in two states, North Carolina and Rhode Island, their members may avail themselves of a check system. We are working toward developing a check system for all members through the credit unions.

Banks have sometimes shown themselves well-disposed but in the beginning of the 60's we met with opposition in regard to the domain of agriculture with the Association of American Banks for they were much preoccupied by and concerned with the development of credit unions that would offer stiff competition with their complete roster of services.

The credit union movement generally has inaugurated a very practical banking service. Basically, they invest surplus capital in government bond issues. The agricultural sector has received great assistance and substantial dividends. The system uses the services of the three greatest banking institutions in the country, the Chase Manhattan Bank, etc.

The opposition of banks has decreased a little because we asked Congress to promulgate an insurance law whereby credit unions would be insured up to \$ 20,000 in case of loss. We have been discussing this since 1932, in other words, since the great depression.

The banks and loan organizations protested this because such insurance would be an additional advantage to the credit unions and admittedly, a further element of competition. But the credit unions are currently waiting for a law to create a central federal bank for them. This would only be obligatory for half the banks of the federal system and half the system of banks of each state. In case of a financial disaster we would have coverage of \$ 1,000,000. Such legislation has already encountered opposition from the banks and we must really develop a plan of attack as it progresses.

This brings me to my concluding remark that we hope that European organizations will join us.

I am in complete agreement with Professor Hoynden that a well organized international co-operative bank would furnish well programmed services. Such an organization is needed.

If we are to set up an international program of co-operative development, I think you will agree with me that it must be enthusiastically and energetically undertaken.

TOWARDS THE ESTABLISHMENT OF AN INTERNATIONAL CO-OPERATIVE BANK

Mr. HOYNDEN,

Expert to the Japanese co-operatives.

A detailed report of the work of this Committee was presented at the last meeting of the Agricultural Committee of the International Co-operative Alliance. We were told of the efforts of this Committee to create a new international financial organization which would be really international. I was very happy to learn that this was possible.

I took part in study tours organized by F.A.O. in 1963. One of them set itself the task of finding out how agricultural credit could be developed through the co-operatives. We spent three months in the field. I reached the conclusion that an international financial organization should be set up but to my regret, I was unable to obtain the agreement of the other members of the group. I encouraged the Secretariat nonetheless, to continue work in this direction.

President Lacour was kind enough to invite me here to give you my point of view about this question and if possible, to make some suggestions in order to find out just how possible the setting up of such a project would be.

My report is divided into three parts : the first explains the necessity for and the function of an international co-operative bank ; the second part deals with competition and what the set up of an international co-operative bank should be ; the third part deals with methods of putting such a project into effect.

In this report I have stressed the necessity for such an institution and I ask you to refer to it.

As for the set-up of this international bank, this is my idea :

I. Agricultural circles are essentially the ones who are asking for an international co-operative bank; this is born out by the fact that this problem was discussed by the Agricultural Committee of the I.C.A. One can deduce from this that the members of the bank must belong exclusively to agricultural co-operatives. The author believes, nevertheless, that limiting participation in this movement to agricultural co-operatives is undesirable. For the reasons given below, it is, on the contrary, necessary to enlarge participation :

1) Since this would be a financial institution, banking organizations must join as members in addition to agricultural co-operatives. Urban co-operative banking institutions should also be included for, in most cases, urban loan co-operatives receive more deposits than rural ones and in particular, workers banks furnish more funds than they request. Consequently the national federations of these co-operatives must become members of the international co-operative bank not only as sources of financial supply but also as organisms that can play the role of intermediary in settling international transactions. They might also act on the bank's behalf in certain activities.

We were unable to separate the resources into those of rural origin and those of urban origin. Actually loan co-operatives succeed in obtaining funds from factories, from retailers and also from cultivators, and we were also unable to distinguish whether or not these funds came from a local or a provincial base.

2) While on the one hand, funds necessary for settling transactions and to be used for exchange activities are short term ones, loans are in many instances medium or long-term. In order to absorb the medium and long term deposits to add them to available funds for loans, it would be well to invite mutuals and farmers and workers insurance companies which have made phenomenal strides in recent years, to take part in the movement by becoming members of the bank. As typical examples of such associations I might cite the Volksfürsorge of West Germany which is a group of syndicates and consumer co-operatives and the National Federation of Agricultural Co-operatives and Mutual Aid of Japan.

3) It would also be extremely desirable to allow potential borrowers to participate as members. This is an important point. The federations of co-operatives who have buying and marketing activities will be potentially numerous users of the bank's resources. Consequently it would be desirable for the international co-operative bank, like the Co-operative Central Bank for Agriculture and Forests in Japan and the Deutsche Genossenschaftskasse in West Germany which permit other co-operatives besides credit co-operatives to become members, to allow all types of co-operatives to become members even though on principle the members should be national federations and not co-operatives in the strict sense of the word.

There is an idea prevalent that the founding of an international co-operative bank has to be completely thought out anew because the need for such an institution has been emphasized by the less developed countries who must develop their farming and fishing industries. Nevertheless, since we have the International Co-operative Banking Company (INGEBA) that has been in existence for more than 12 years, it would appear wise to study first the possibility or impossibility of reorganizing it on the basis of current needs.

II. The activities of the bank would have to be broadened to include the development of agricultural operations.

When the International Co-operative Bank was founded operations were limited to consumers co-operatives; this meant that their goal was to make commercial loans to federations of consumer co-operatives. The bank was reorganized in 1965; the majority of the increased capital was subscribed by the Bank für Gemeinwirtschaft; later the direction of this organism was entrusted to the personnel of the German bank while INGEBA'S administrator took an active part in its management. The Bank für Gemeinwirtschaft is an association that has regrouped consumers co-operatives and trades unions. Consequently peoples banks of other countries came to participate in INGEBA.

INGEBA has a membership from 17 different countries.

The principal aim of INGEBA is to make commercial type loans. But its members are very much interested in the problem of agriculture in the developing countries. Consumers will not only benefit by purchasing farm products in large quantities and at low prices but by securing farm products of a very fine quality on a large scale. Formerly C.W.S. (England) managed directly a great tea plantation and processing plant in Ceylon and in India. But at the present time investment cannot assume this form. The indigenous ideas of the developing countries must be respected and investment must be made in the aim of increasing production and stimulating the co-operative sale of products in co-operation with the agricultural co-operatives of these countries who, incidentally play an important role. Consumer co-operatives in industrial countries are interested in agricultural purchases and can likewise profit by the advantage if they are willing to accept the establishment of an international co-operative bank.

Agricultural co-operatives that hope to receive loans will be in a more favorable situation if the consumer co-operatives invest in an international co-operative bank. Agricultural co-operatives are essentially interested in the purchase of raw materials but if a consumer co-operative acquires farm products, the market of these products will be widened. To assure reimbursement of international loans tying them in with commercial operations is extremely effective. The participation of a co-operative wholesale buying outfit, in other words, an important buyer, is an important adjunct to increasing the exports of the less developed countries. Countries.

We have been told that in Nigeria and other African countries great effort has been expended to develop co-operatives but commercialization is not assured and these countries are encountering difficulty. In order to encourage new agricultural development outlets must be assured for possible new products. Consumers co-operatives in Europe or other continents are so powerful that they pool their offers and come to agreements in purchasing agricultural products from the developing countries and this makes it difficult for these young countries to increase their revenue. We have the I.C.A. but the co-operative movement is a commercial movement and this question of purchasing comes within the domain of an international co-operative bank and I am sure that we will make remarkable strides in this direction.

I was particularly impressed by the report of CUNA International and the effort which this organization is making. But if all co-operatives became organized and were headed by a single international body, these co-operatives would be able to avail themselves of more financial resources, more personnel and consequently, would be better able to help the developing countries.

I also would like to propose that the composition of this international co-opera-

tive bank be enlarged and that Asia and Africa not be forgotten. This is certainly the shortest route that will lead us to our goal.

Big dealers and sometimes foreign ones attempt to extend rubber or tea plantations in our country. Business men are assured of the flow of production consequently I think that in short order our international bank will see its efforts crowned with success. We must organize ourselves in view of this great enterprise, and we must organize ourselves as quickly as possible to set up an international co-operative bank of this kind to furnish necessary funds and assure marketing of the products.

In Japan, at least, there is some apprehension in the agricultural co-operatives. They fear that the new organization will not pay sufficient heed to the current situation of the agricultural co-operatives in the country; they have insufficient confidence perhaps in the management of INGEBA. They are not sure that sufficient funds will be granted farmers but in my opinion, these co-operatives should become part of the international co-operative bank on a democratic basis. These co-operatives would thus be able to speak their parts and might eventually greatly encourage agricultural development.

In any case, I feel that INGEBA'S personnel is somewhat too indifferent to this aspect of the matter. I personally attended meetings of the Banking Committee last year in Vienna. But I did not hear this new organization mentioned. At this stage of the game I advise those people who are working at INGEBA to give more emphasis to this problem and to devote more study to formulating projects later and making plans for assuring the participation of co-operatives on an international scale in view of granting loans.

We are now approaching the second stage of this evolution and I hope that this conference will help us advance.

Mr. DATEY

India

The Indian banking system essentially composed of two sectors : commercial banks and co-operative banks.

As you know, the commercial banks were for the most part nationalized last year. They represent about 90 percent of the total capital deposits of the country.

In the co-operative sector we have two different types of institutions : those involved with short and medium term credit and those which give long term credit. Each of these structures is federal.

We have what we call co-operative State banks which operate on the level of the individual states. We have altogether about twenty of these state and territorial banks in our union.

Then we have district institutions that are called central co-operative banks. And, on the primary level, we have two types of institutions : those which function on the village level which are multiple goal enterprises and others which function on the urban level and are called urban co-operative banks.

The other structure is also federal. It is known as the territorial development banks. These are not really banking institutions properly speaking for they do not take deposits of money from the public. Their principal source of financing are bonds guaranteed by the government of each state for both principal and interest. We are more concerned here with the structure of co-operative State banks for these are credit unions known in our country as multiple goal enterprises. Now these institutions are also of two types : some of them function in rural areas, others in urban areas.

The central banks which function in the cities are all real banks for they carry out all banking operations : they accept deposits and they differ from commercial banks only in that the latter can also make loans and advances to non-members whereas the co-operative banks can only deal with their members.

The question was brought up here as to whether the primary banks or unions can accept checks or do business with checks. There are no restrictions in our institutions and the co-operative banks also offer these services on a large scale.

One representative of the United States also mentioned the extending of guarantees to cover the deposits. The law has been changed in anticipation of this possibility in all co-operative banks.

As far as the relations of these primary level institutions with the regional and central banks of the country is concerned, I want to say that at the Reserve Bank of India we give strong support to agricultural credit and have done so for the past twenty years. We know the credit requirements for agricultural development. Aware also of the fact that the best financing institutions in the rural

areas are the co-operatives and that they cannot avail themselves of the necessary resources, the banks make them short-term loans.

And the credit to agriculture comes from the Reserve Bank of India. Simultaneously, we at the Reserve Bank know that such credit must not discourage the mobilization of deposit funds. That is the reason why we are seriously planning to tie our credit services in with the efforts of the Central Co-operative Banks.

The other sector is that of commercial banking.

As for the mobilization of deposits, all these banks are free to compete for the public. As for services rendered, we recognize the fact that better co-ordination must be established between the two banking sectors in order to place credit facilities at the disposal of all deserving parties.

The commercial banks themselves help the co-operative banks in several ways. And the co-operative credit unions also are aided by the commercial banks.

Recently we tried a new experiment in certain regions of the country where the co-operative banking structure was weak and commercial banking offered better credit or to be more exact, better credit conditions. This was an example of a union between a commercial and a co-operative banks and it was a unique experiment. We are closely following the results of this experiment. The commercial banks help the co-operative banks in like fashion. For example, the co-operative banks furnish a great deal of credit for commercial purposes, the transformation and distribution of agricultural products when the co-operative banks do not have the resources necessary for these operations. They are therefore, tied in with the commercial banking system and the large resources available to the commercial banks are placed at the disposal of the co-operative banks and through the latter credits is extended to transformation institutions and those selling the products.

In our country much importance is attached to the relationship between credit and commerce and between credit and underwriting agriculture. We expect the credit furnished by the credit unions to be covered by the sale of products by commercial companies and the credit co-operatives working in very close co-operation; the two organizations also depend equally upon financing institutions.

We are therefore, a country made up of small farmers. And our problem is to make the small farmer worthy of credit. This poses many problems and difficulties and we take all necessary measures to ensure that the small farmer receives help thanks to the credit facilities which is necessary to enable him to enlarge his activities, not only to improve his situation but that of the whole country.

Dr. BLEILE,
General Manager of the « Genossenschaftliche Zentralbank ».

Ladies and Gentlemen,

Allow me to submit a few ideas to you and to give you a few precise details, in particular with respect to the declarations made by the speaker who has just addressed you. I also thank the two previous speakers for their addresses and, as our time is limited, I will restrict myself to adopting a position regarding the statement, of very considerable significance to me, made by the speaker who preceded me. He has taken up a position following a very free interpretation of, and what is more not of the same kind as his statement handed to me in mimeographed form, and I shall now try to outline a few systematic data of the problem which has its own particular drastic consequences and significance. This has to be said before coming to my own speech which, incidentally, will touch on some of the points that our japanese friend has already briefly mentioned. Unfortunately, and I apologize to our chairman for this, I shall not be able for the reasons just given to concur with his wish that I make as brief a statement as possible.

The arguments advanced by our japanese friend will assuredly lead to serious misunderstandings amongst you. It is therefore necessary that they be placed where they belong. To begin with I would state that we, INGEBA¹, have not so far had let us say serious contacts with our japanese friends; nor have they consulted us. I am therefore wondering whether, in setting out his arguments, our japanese friend is aware of the numerous difficulties confronting our various co-operative institutions when it is a question of exporting even the smallest amounts abroad, and does he know about all the efforts already made in practice and which prove to be urgently necessary? Does it not appear that — and excuse me for giving such a frank interpretation — he places visionary theory in the forefront of his arguments? Have not these problems already been discussed at length and examined a long time ago? Now everything humanly possible has been done to resolve them. Have not all possible solutions been exhausted or at least all efforts made to reach a solution? And where indeed would the milliards no doubt necessary to the accomplishment such a co-operative task come from? I cordially invite our japanese friends to take the first step and to put at INGEBA's disposal, at least in a corresponding proportion, the means to realize this dream which obsesses all of us, while nevertheless, and I stress this at the outset, themselves taking on the risks — and as we recognize immediately — also as regards the desirable practical utility of these means supplied by our japanese friends.

We would ask you to take this first step by making available to INGEBA, the central co-operative institution, at least a few hundreds of millions of francs, german marks or other currency of equal quality. You will certainly find the right use for this capital, I can assure you, in collaboration with the investors.

(1) International Co-operative Bank Co. Ltd.

Does our friend know that we have granted credits to countries of Asia, Africa, North and South America, to oriental countries, and thus all over the world? Does he know that affiliation to INGEBA is also open to all co-operative undertakings, and thus to the agricultural co-operatives to which he especially referred? INGEBA is only waiting until all these associations, institutions and organizations do adhere. I cannot but think that the honorable speaker is imperfectly informed concerning INGEBA which, by the way, has only been functioning for four years, and also concerning all the difficulties encountered by our central financial institution at the outset. He would have a hard task to make his proposals in all objectivity. The difficulties our co-operatives and affiliated organizations face are those which reside in the export of capital, and here it is of course a question of long-term investments. These difficulties have such limitative repercussions that we cannot just ignore them and present desires and suggestions which could not be applied in any manner whatever. We have already accomplished a great deal in practice, and not in theory, during the four years of our activities.

As regards the question of whether it would be advisable and opportune to create an international co-operative bank, I reply most decidedly no. In fact, such a bank already exists, but we need your help. We need funds from the countries with so-called surpluses, that is to say, those whose payments show a favourable balance, and we will certainly transfer them in the spirit of a strict application of the co-operative idea to the countries which need them. Still unanswered is the question of whether these investments which amount to milliards will, precisely during the first stages of INGEBA's activities, be sure to be used for all the expenditures advantageous to the developing countries. I will bring my retorts on this point to a close by asking : Why is it opportune to raise the question of the foundation of a new central financial institution of a co-operative nature, and I mean on the international plane, since this already exists? It is developing and will develop further. Why raise the question concerning the various co-operative institutions and their affiliation since this is possible? Agricultural and consumer co-operatives as well as all movements and institutions of a co-operative nature are invited to become INGEBA members and shareholders. It is thus that I wanted to introduce INGEBA to you, each of these points being touched on or dealt with in my speech. I am happy to have the honour, as a member of the INGEBA Directorate as well as of Directorate of the Banque Centrale Coopérative, of speaking before such a worthy assembly.



National co-operative movements have a long and well established tradition. However, only after the last world war was it recognized how very necessary international collaboration had become, notwithstanding the exchanges of ideas, comparisons of working methods and experience exchanges which had already been carried out bilaterally and, in few isolated cases only, at a multilateral level.

At the beginning of this movement, the great distributors of products were the first to declare themselves ready to co-operate internationally, and not last of all within the scope of I.C.A. There were of course also contacts between the national co-operative banking institutions, in the Banking Committee for example. But a central financial institution as such was only founded in 1957 under the name of « The International Co-operative Bank ». In its « co-operative » company form its activities at the outset remained limited to a small number of operations. It never occurred to anyone that great opportunities were open to a banking institution within the framework of the International Co-operative

Alliance, thanks to its world-wide connections, nor that the co-operative tasks resulting from the flow of funds, i.e. the concentration and canalisation of the funds from savings, and from financial transactions on a worldwide basis, could be carried out on the basis of elementary principles.

The initiative of a courageous man, Dr. Walter Hesselbach, was necessary to put an end to this « vegetative state » of the International Co-operative Bank, which from now on we call INGEBA. He was the man who, with the help of a few far-sighted bankers and distinguished persons from among the well-known distributors of products, succeeded in giving INGEBA a fresh impetus. This group realized immediately that, unless such a banking institution be extended as widely and fully as possible, the « co-operative » company form is not that which will permit the achievement of its objective to the highest possible degree. They found themselves going around in circles. In other words, the institution conditioned by its structure, was exclusively oriented towards co-operative organizations, banks and undertakings. This does not mean that the company form a bank takes on has a decisive influence on its development. None the less, this form, particularly in the international field, is determinant for operations of all sectors of the economy which are dependent on a banking institution. All I am trying to state is simply that, especially where a certain scale of undertaking is concerned, the « co-operative » form does not permit the creation in all milieus of the elementary conditions which ensure the necessary financing consistent with the formation of capital. It is true that at the present time it is still possible for us, with INGEBA — and it will likewise be possible in the near future — to find the main sources of our own funds among our shareholders, in compliance with the Swiss law on Banks.

The idea of launching a universal Coop loan or resorting to other possibilities for financing will only be realizable under the joint-stock company formula. This was the reason for an internal reorganization which would provide the initial impetus for the required extension of activities and, above all, of the circle of shareholders. The amendments to the legal articles for the transformation into a joint stock company were made in 1965. The shareholder-capital, twice increased, today amounts to *30 million swiss francs*; it is subscribed by 53 shareholders belonging to 27 countries.

INGEBA's objective in its capacity as a commercial bank, is defined in the articles as follows :

« To give support especially to co-operatives as well as to co-operative associations and institutions during the period of their establishment or extension, and also during the rationalisation of the systems of production and distribution of goods. »

The further we advance, the greater will be the new horizons opened to us by this new objective. A world-wide bank on the international plane for the obtaining in the first place, of a concentration of savings and other funds coming from « surplus countries » and from their institutions, INGEBA is to be in a position to grant credits of all kinds, especially to co-operatives and associations.

I am not going to talk to you in more detail of the other operations of a secondary nature. None the less — and this is to be explained by the fact that a certain « case of urgency » has been forced on us by circumstances — INGEBA is also obliged to seek out corresponding investment possibilities, considering the inflow of capital and the high rates of interest. This also means that very often,

and especially at the outset, it cannot always keep to the concrete purpose assigned to it; in other words, investment possibilities must often be sought after outside co-operative circles.

And the further we advance, the more INGEBA — and we consider this to be the second phase of its activity as a joint stock company — must become primarily a clearing office in the sphere of international co-operation and collective economy. It is making every effort to find for collective undertakings and economy the means they require for their establishment and development. Insofar as this long-term capital cannot be procured from its shareholders or from nearby organizations, INGEBA will have to direct its efforts towards obtaining such capital in the free investment and money markets.

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Inevitably, as the initial phase is proving difficult, two problems big with consequences are raised. In the sector of co-operative means needed, long-term capital is generally in demand. But in banking and world finance circles, long-term loans are rarely offered, or insufficiently provided, for a young institution. It is thus very difficult to attain an equalization of deadlines as between the demands for credits and the offers of capital. At the present time, and considering the serious drops prevailing in both the money and the capital markets in all countries, such an operation is proving extremely difficult, if not impossible. The very variable rates of interest and also, temporarily, the exaggerated rates of the euro-market in various western countries are placing this problem at the forefront of our preoccupations, and rendering its solution almost insurmountable.

However, thanks to existing connections — I name first the Bank für Gemeinwirtschaft in Frankfurt and the Banque Centrale Coopérative in Basle — it has been possible to at least lessen these difficulties if not to eliminate them.

It must therefore be stated clearly that INGEBA is only in a position to procure funds insofar as it can pay interests at the rates prevailing in a country's market. Thus borrowers in the co-operative field cannot, for their part either, expect the impossible from INGEBA when these conditions have to be taken into account.

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And that is one of the reasons why INGEBA, as an international banking institution, has business relations with industrial, commercial and artisanal firms, as well as with forwarding firms, in Europe and overseas. In this way it is able to find cover for expenses incurred and can also accept to an increasing extent the conditions peculiar to the organizations with which it is in close contact. These considerations bring out the fact that we are also obliged to be very prudent in granting credits. This is so not only as regards co-operative borrowers but also, and to a greater extent, as regards persons belonging to private economy who ask for credits. While the banking idea is secondary to the co-operative spirit, we must none the less take political, politico-economic and monetary policy risks into account. Our financial power does not permit us to take risks beyond a certain limit. INGEBA is a banking institute which was created only a few years ago, and whose possibilities are still restricted for the time being. I am thinking especially of security for the repatriation of capital and that of interest services in the future, in short, of all the factors and aspects which condition a judicious appreciation of credit.

Today INGEBA ranks among medium-sized institutions. The positive expansionist development of the co-operative movement and collective economy will in the future have repercussions for INGEBA which are no less positive. But even without these preliminary conditions, there are far-off achievements open to INGEBA such as no other banking institution possesses to anything like the same extent.

The disproportion between the deadlines for payment of funds received on a more or less long-term basis and those for capital lent on a long-term basis, of which we have already spoken, raises certain ready-money problems for INGEBA. The Company is subject to Swiss law regarding banking and to its very severe stipulations concerning the sources of its capital as such, in other terms, concerning the corresponding ratio between engagements at short, medium and long term as compared to assets. But, generally speaking, one of the directorate's elementary principles was directed towards having an above-average reserve of ready money. Unknown political, politico-economic and financial technics factors have made necessary the observation of the requirements in respect of liquid funds.

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In view of the general development of the co-operative movement and of collective economy, we know that INGEBA's task is growing and that execution of its work is becoming more and more complicated. We also know that INGEBA is still just starting up and that, both nationally and internationally, its possibilities are immense. Only a growth in the offers of services by the co-operatives and collective economy will permit adequate development of the company.

A favourable attitude on the part of organizations with which we are closely in touch will permit our banking institution to devote itself to its primary objective which is the financing of the co-operative structure.

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As for the third phase of our field of activities :
the consolidation of INGEBA's financial power through long-term funds and the granting of long-term credits ;
this can only be realized within an unforeseen period of time.

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I should like to sketch briefly, by means of a few remarks on the conditions recently rendered more difficult than ever, the external problems thus raised for a banking institution working at the international level.

A press article entitled :

Where is our monetary system heading ?

undoubtedly penetrates into the heart of the complex problem of insecurity. In this article it is stated that opinions on the system known as « crawling pegs »; that is on the frequent modifications in rates operated little by little according to objectively automatic criteria are no longer questioned by the international Monetary Fund. A total liberalisation of the exchange rates is as completely excluded as a widening to more than 5 % of the admissible fluctuation margin — upper or lower fluctuation line — up to the present 1 % more or less.

It is permissible for us to think that the recommendation to provide for a modest extension of the admissible fluctuations margin by 2 % or 3 % less or more, in facilitating rapid little parity changes according to governments's autonomous will — in other words, the progressive adaptation and admission of a transitory flexibility — will be the subject of further discussions in the meeting of governors of issuing banks.

In itself, this viewpoint makes currency risks seem much slighter. However, it would be advisable to wait and see just how far the dollar as a currency of world-wide importance will, within a shorter or longer time and on the occasion of a weakening of the exchange rate, call for an autonomous intervention system in the exchange rates levels within the European Economic Community. In any case — and on account of their problematic nature, the taking of such measures seems very unlikely — such an intervention with a view to subsequent loosening up of E.E.C. currency rates exchange as compared with the outside world, taken jointly, would nevertheless have certain repercussions.

If, from time to time, rumours of re-evaluation circulate in various countries, it seems to me necessary that, above all, we do everything we can to fortify confidence in money.

In conclusion, we call upon all the organizations with whom we have close contacts to help us to attain the objectives INGEBA has set up for itself. As the central financial institution for the International Co-operative Alliance, INGEBA must fulfil completely and in accordance with its functions the role that has been assigned to it : a joint task of universal collaboration.

Mr. HOYNDEN

Japan

I want to thank Mr. Bleile for his discussion of my presentation. As a matter of fact I had planned to go to Basel to acquaint myself with INGEBA and meet Mr. Mathias when I learned that the latter had just retired. I therefore changed my plans. I have read the article you referred to and I understood the apprehensions of the Co-operative Agricultura Bank of Asia with reference to Japan. The bank wonders if, in effects, INGEBA, will be helping them in the future and if it can depend upon this help.

I wrote this article to ask that the Central Bank and the agricultural co-operatives in general could be brought up to date. I thought of the progress we could make and wanted people to become aware of the possibilities of co-operation on an international scale. I am well aware INGEBA'S position.

Mr. de SAINT BASILE,

Assistant Director General of the « Banque Française de l'Agriculture
et du Crédit mutuel ».

We all know that agricultural and rural Europe greatly benefited in the second half of the nineteenth century by the expansion of the simple principles enunciated by RAIFFEISEN and their adaptation to the economy of each country.

Agricultural credit having developed in France in a co-operative and mutualist form known as the « CREDIT AGRICOLE MUTUEL », it seemed opportune to describe the considerable development in this domain during the past few years. With this in view a note on the subject was distributed to the members of this conference summarizing the principal stages of this development. An attempt was made to define its current structure and outline its various tendencies.

Recent figures in this note will facilitate this task for you, we believe. This study cannot possibly be summarized in a very brief talk, therefore, I will simply underline a few of its ideas.

The long evolution of the Crédit Agricole Mutuel explains its present institutional framework. Local agricultural credit banks were regrouped into regional banks with a departmental scope of activity. These organisms whose structure is co-operative, reflect the traditional desire of the farming profession to manage its own savings and credit affairs.

These banks whose legal status comes under the Rural Code are, in the majority, connected with a public body and together they form a pyramid type organization with close administrative ties constituting the so-called official sector.

This public body, the Caisse Nationale de Crédit Agricole, set up almost fifty years ago co-ordinates and controls the whole. It channelizes throughout its network the advantages the state confers upon the agricultural economy in various forms.

Our agricultural banks that are not affiliated with the Caisse Nationale form what are commonly referred to as the Crédit Agricole Mutuel Libre, of lesser importance. They are usually closely connected on the local and regional levels with the Caisses de Crédit Mutuel which are not specifically agricultural but are of « a general nature » with a separate legal status (1958).

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Profound modifications in function took place following the last world war. And they are continuing to do so. For one thing the Caisse Nationale de Crédit Agricole is less dependent upon state procured resources than formerly to keep its network supplied.

What is referred to as « self-financing » has developed by the collection of new short or long term resources from all levels of the population or the economy.

The public authorities have encouraged this by guaranteeing loans and lowering interest rates.

Furthermore, the system rejuvenated its managerial methods in the manner prescribed by the conference to include the use of checking accounts, cash vouchers, elaborate savings devices, the installation of computers, etc. It has established a wide network of branches.

So-called free mutual agricultural credit banks that do not receive State subsidies have co-ordinated their organization and development around a bank that belongs to them as well as to general banks working in the mutualist sector : the Banque Française de l'Agriculture et du Crédit Mutuel, a bank with a private status.

New tendencies have begun to appear : the official Crédit Mutuel Agricole hopes not to remain limited to the agricultural sector where the legislator has assured it a privileged position in the distribution of improved credit both socially and economically. It aims to follow in the wake of its urban-oriented shareholders. It wishes to make loans to and develop banking services for its non-agricultural depositors; it wants to follow the trend of the country's economy which was at one time predominantly rural and agricultural but which has today become progressively industrialized.

Thus, the problem has arisen of newly defining its status and its activity with the successive enlargement of its attributions.

The so-called free Agricultural Mutual Credit which does not have the advantage of State subsidy in facing competition has determined to both maintain and develop its role in agricultural activity and to employ its strength in developing mutual credit organizations which are not specifically agricultural to serve both rural and urban populations.

In this domain it comes under the competence of the Confédération Nationale du Crédit Mutuel that federates all organisms and projects of this type.

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Whatever decrease there has been in the relative importance in France of the agricultural to the general economy, the mutual agricultural credit organisms give evidence of great vitality and a great facility for adapting themselves to their members' needs. For this reason I have found it fitting that a special study be devoted to them during this conference.

Mr. LAMARCHE

Canada

I have made note during these different presentations of three principal aspects that appear uppermost in the exposes.

The problem of the co-operative ideal in the face of ever greater technical competition has been brought up. And, as Professor Henri Desroche brought out in a recent work, you have become aware of the cleavage in our co-operative organizations or at least of the danger of a cleavage in the direction of institutions of a purely capitalistic kind.

The second theme that has dominated these discussions is « the complexification » of the present and future world, that is to say the problems of an international co-operative bank inherent in the necessity of helping the Less Developed Countries.

Another general theme has emerged from the discussions : that of the integration of the co-operatives. This has been emphasized by some of the participants and, if you will recall what was said Monday as well as today — the last day of the conference, it becomes apparent that these three problems have been the focus of attention.

Mr. ALLEN

Chairman of Association Nationale des Caisses de Crédit canadiennes.

In the first place, I would like to express my thanks for having been allowed to bring my contribution to this meeting.

It is an honour for me to have the opportunity, for the first time, of working with eminent leaders who have come from all over the world. This honour is also felt by my organization which gave me the possibility of expressing my views at a meeting numbering so many participants.

This conference has underlined the fact that the world is shrinking because of the development of means of communication. And this fact underlines the need for interdependence but even more so the need for close contacts. We wish that the human race will reach the level where it will be able to have a common base.

The organization I represent has been able to become an important factor in Canadian activities thanks to the new organization of CUNA International. Thanks to its new structures, groups such as ours have been able to constitute an « ensemble » on the national level.

In Canada, the administrative pattern is such that we have ten provinces. The national association of Unions de Crédit Canadiennes (Canadian Credit Unions association) represents more particularly the English-speaking people. This is a coordinating body that must present the government with a united front, representing all the interests of the ten provinces.

In Canada, as elsewhere, there is a tendency towards centralization. We have a central organization with lists that tend to increase tenfold the number of people interested by credit through Credit Centres that are associations for deposits or loans and which exist in each of the ten provinces. This also happens on the national level. We have signed an agreement between the national association of Canadian credit unions and the Société de Crédit Canadienne. It will be implemented as of 1st January 1971.

Through this agreement, we hope to mobilize more funds and be able to use them more efficiently.

The Chairman and the vice-Chairman of the Co-operative Society are also represented at this Conference. Up to this year, we did not have an English-speaking opposite number with the full support of our provinces to keep in contact with our French-speaking friends in Quebec. We now fortunately have the organization that was needed and we are happy to be able to work in close co-operation on questions that interest the French-speaking as well as the English-speaking group. We hope that through this closer co-operation, we shall be a more dynamic force for the purpose of development of co-operation throughout the world. Through this new organization, we intend playing a more constructive role on the international level in the coming years.

The audience will probably be interested to know that we are sponsoring the

ACOSCA project in Africa. Approximately 700.000 dollars are used by ACOSCA for the training of African personnel in order to enable them to work in their own countries without any outside interference.

Naturally, we shall still need technical knowledge that will be supplied by the international credit banks.

SYNTHESIS BY Mr. ROBERTSON,
Président, CUNA INTERNATIONAL.

Reports on Youth and Credit Co-operatives have been presented by the Confédération du Crédit Mutuel, CUNA International, CUNA Mutual Insurance Society, the Fédération de Québec des Unions Régionales des Caisses Populaires Desjardins and the Raiffeisen Zentralbank, Tyrol.

Reports on education have been presented by representatives of the Co-operative College (Paris), the CUNA International, the Fédération des Caisses de Crédit Mutuel de la Région Parisienne, the Conseil de la Coopération du Québec.

These two themes « youth and education » appear closely linked :

- both have reference to the same problem, that of the social and cultural development of the Co-operative and Mutual Credit Movement in the world.
- both have a similar acuteness.

The problem of education because of the specialisation arrived at by banking procedures : « the bank is a maze of words through which only the professional can find a path » as one speaker has humourously said (M. J. Schneider).

The problem of youth because of the density arrived at today through its demographic potential : we have underlined the fact that in numerous parts of the world, more than half the population is less than 27 years old.

— Finally, they are both at the junction of problems posed by the meeting and sometimes conflict between the aspirations of young people who are not only becoming greater in number but also growing more important and/or more mature on the one hand and on the other traditional institutions of Co-operation, not only such as it is taught but such as it is structured.

Several reports have presented experiences of Co-operative promotion offered

to Youth by the Co-operative Movement; others, experiences of social participation requested to the Co-operative Movement by Youth; others still, experiences which are at the same time promotion experiences offered and participation experiences requested. Taking account of this first balance sheet, others have underlined that an intensification of mutual information on these experiences which have already been realised, could and should lead to an acceleration and an amplification of a youth Co-operative policy through the channels of permanent education.

According to Dr. Schlenck : « it is high time that one should try to come to an agreement with youth in all the aspects of the life of our community in order to change and eventually improve what is in our structures ». According to Mr. Lehmann, the revolt of contemporary youth results from a gap between economic or scientific imagination and social imagination; again according to him, the Co-operative and mutualist Movements must show proof of this social imagination in order to reduce this gap in the field which is theirs. Others have suggested that be elucidated and deepened the image which the Co-operative Movement has of Youth : « Whatever may be said, there are real forces which believe in Co-operative values existing in young people. The problem which arises is first to determine what we understand by Youth, and then to see how this Youth can integrate our Co-operative organisations ». (A. Lamarche). Finally others have suggested that the image be elucidated and deepened which Youth itself has of the Co-operative Movement (H. Desroches, G. Schlenck). Some have even regretted that an opportunity to speak was not given to a group or commission of young people to express their own point of view on the themes of the Conference, on the pattern of Youth round tables launched by Mutual since 1967.

On the whole, as is affirmed in a report : « It is a two-way road; the credit unions need youth and youth needs the Credit Unions (CUNA). Or still, as is stipulated by another, « Our efforts must no longer be lost in declarations of intentions or in warm assurances announced in general assemblies... We must try to open a dialogue with youth »... (G. Schlenck). In this view a Co-operative policy on Youth implies a « youth » policy on Co-operatives.

To summarise briefly and provisionally the main points of this double complementary policy — as it is brought out from various reports — one could bring it to seven main points on which could and must operate exchanges of information, control of experiences, new or amplified projects. These seven points define as many possible and desirable links between the offers and requests which are interchanged between Co-operative development and promotion of youth.

1. Cooperation as taught to the young.

Within cooperative organizations by addressing the quadruple population of their membership, their administration, their managers, their employees, wherever the young have penetrated into these categories.

Outside these organizations, making such instruction an integral part of consumer and citizen education at different educational levels — primary, secondary, university — and a permanent feature effecting public opinion. Liaison with college institutions was suggested by the representative of the « Conseil de la Coopération du Québec ».

2. Cooperation as practised by the young.

There is no better teacher than experience, including the experience of the

cooperative and the credit mutual especially when it is not only set up and managed for but by the young. There have been important experiments in this direction in Canada (Mr. Girardin) and in the United States (CUNA).

These experiments can be divided according to age : primary school children, secondary school students, university students. Some of these experiments went so far as to inculcate the cooperative process in economic self-management as well as in pedagogic emphasis on reformulation of both content and methods in the direction of active communal teaching, bridging the gap between cultural training and social involvement.

3. Cooperation reinvented by the young.

G. Schlenck quoted some famous words in his report : « Young people who are not revolutionary are lacking in heart. Old people who are not conservative are lacking in reason ». Models of cooperative development over a century and a half's experience have been tried and proved true. It would be cowardice on the part of those now responsible for the movement to take refuge in concessions, compromises and capitulations. But reciprocally, the same speaker added : « We must ask ourselves in the present state of our credit cooperatives whether we are really set up to attract the younger generation... » « Our relations with youth cannot be unilateral but must be reciprocal... » It is as if the cooperative movement had to be reinvented for every generation.

4. Concerted cooperation with the young.

We have emphasized that cooperative and mutual Credit is postulated and based on « educational participation » (« Fédération des Caisses de Crédit Mutuel de la région parisienne »). Other reports (Cuna International) described the kinds of training that make such participation not only plausible but effective : orientation, job training, management schools... etc. Others mentioned various programs — round tables, publications, professional training periods, local, clubs, advisory councils, etc. all with the purpose of familiarizing the young with the working and the ideal of mutual and cooperative Credit. All of this concerted activity is to involve the new generations progressively in participation.

5. The cooperative movement relayed by the young.

As one report said (CUNA) one of our major imperatives is to « reverse the aging tendency ». The Daneau report has this to say along the same lines : « Thrift and credit cooperatives like any other cooperatives have to think about who will carry on the movement ». Several ways are open to us : « The promotion of young worker-members of cooperatives, permanent contact with the university population because this is the youth that will be running the Society of to-morrow » (A. Lamarche); « by welcoming young companies or young movements which offer new models of action and organization » (H. Desroche); by dividing the work of relaying the movement among different generations, by permanent education to mature the younger generation and to rejuvenate the mature generation, by recruiting members of our movement under forty and even under thirty and by accepting a growing proportion of this age level in the pyramid of different ages represented within a movement.

6. Cooperation spread by the young.

One of the great potential areas for the cooperative movement is that of the young nations. Now, even if the cooperative credit movement reaches 70 million

members throughout the various continents there will always be the question of tremendously unequal development : unequal rate of penetration, unequal mean per capita transaction. One of the major tools of combating such inequalities is action and the united reaction of youth : those coming from young nations learning from the experience of already advanced movements and those from old countries going forth to help the inexperienced nations get started. We have had some experience in this already. The reports unanimously express the wish that they be amplified and come, under the coordination of the I.C.A. to develop a significant cooperative sector among the technical government systems of cooperation whether bilateral or multilateral.

7. The cooperative movement wherited by the young.

This last heading subsumes all the others. The world organization of cooperative and mutual Credit constitutes a vast patrimony to pass on. The world's youth is going to needs this just as the movement needs youth to carry on the movement and render it more fruitful. To do this requires practical ties, real and effective ties whereby the patrimony may be taught and practised by the young from the very beginning, and perpetually reinvented by them, concentrated, relayed and spread by them. If such ties are lacking this patrimony will deteriorate. As the « Conseil de la Coopération du Québec » report stated : « It is far from certain that the symbol of the torch being passed from one generation to the other has much meaning for the youth of today. Rather does it appear that the heritage of past generations is simply treated like inventory ». This brings us back to Watkins' axiom quoted in the same report that obliges the cooperative movement paradoxically to be an « economic movement via educational means » and at the same time an « educational movement via economic means ».

Technical progress, geographic development and evolution of the structures of savings and credit co-operation. Relationship with governments.

Ten reports have examined the trends in savings and credit co-operation in order to face the requirements of modern economies.

Papers on this subject were issued by the following : Bangui, Republic of Central Africa, Banque Française de l'Agriculture et du Crédit Mutuel, Central Cooperative Bank for Agriculture and Forestry in Japan, Crédit Coopératif, Deutscher Raiffeisenverband, Fédération des Caisses d'Economie de Québec, Genossenschaftliche Zentralbank, and National Co-operative Union from India.

A significant change has occurred during the past few years in the socio-economic and technical aspects of the savings problem. Hence the necessity for savings and credit co-operatives to seek new forms of activities; as emphasized by the CUNA report, the distinctive sign for any financial organization is its changing capability.

« Savings which used to be a vital necessity, is now a selective process »; the increasing development of life insurance and social insurance reduce the savings propensity, particularly among recently married couples who tend to ask for more credit facilities : therefore, in the coming years, the number of savers will not increase fast enough to meet money requirements.

Savings development involves a wide diversity in the services offered by savings and credit co-operatives to their members; let us mention among the topics discussed in this respect by the rapporteurs : new servicing techniques, leasing, and management of investment funds, deposit licence, deposits combined with insurance formulas, setting up of new companies to improve supplying of specific

services to other co-operatives. Generally speaking, the savings and credit apparatus is bound to become more and more sophisticated. Lastly, since banks are faced with the same problem, the result is an increasing strong competition between all savings collectors, within this context of higher costs, owing to new services and higher loan rates.

Therefore, savings and credit bodies in industrial or post industrial countries will have to solve the problems in operation balancing which derive from this situation : they will have to seek higher efficiency and a better financial organization in management; in some cases, they will also have to concentrate and reorganize structures. In this respect, the report from the Bonn Raiffeisenverband announced the setting up of the merger Raiffeisen — Schultz — Delitsh banks in Germany.

Development policies, with their various technical, commercial and geographic aspects result in costs which can only be met by ever-expanding large size bodies.

The five papers on the relationship of credit co-operatives and banks with governments had been drafted by Genossenschaftliche Zentralbank, Istituto di Credito delle Casse Rurali ed Artigiane, and by Crédit Mutuel (France).

While relationship with government agents are of a constructive nature, particularly in the United States and Austria, Professor Tana notes, on behalf of Istituto di Credito delle Casse Rurali ed Artigiane, that « the co-operative movement in his country is shrinking and that any possible progress is being slowed down by technical problems, legal obstacles, and lack of interest from the government to foster and intensify activities in the credit co-operatives sectors.

As a rule, the stress has been put in this respect on the need for more respect from governments of the liberty and independence required by genuine co-operation, on the one hand, and organizing equal competitive conditions on the other hand.

With current development, there is a danger that economic success and growth which cause management concentration, might be counterbalanced by a reduction in the social meaning of co-operation and the very principles of the co-operation movement : participation and welfare.

In this respect, the report from the Credit Coopératif (France) emphasizes the opportunity for the savings and Credit co-operation to give precedence in its programs to developing the various forms of co-operatives which correspond to its basic purposes.

But, most important of all, the role of basic structures local banks for individuals, is still a vital factor in organising genuine participation despite inevitable concentration in policy implementation. Both this participation and this changing capacity, as well as the access to economic size, will contribute to make the savings and credit co-operation a sector reflecting modern banking activities.

Thrift and Credit co-operatives and aid to the developing countries.

We have had the privilege of hearing reports concerning the developing countries from the following :

- I.C.A.
- CUNA International
- National Co-operative Union of India
- Deutscher Raiffeisenverband

— Institut de Recherches et d'Application de Méthodes de Développement de Paris

At the time of the inaugural session, we heard moreover, the statements made by Mr. Habib THIAM, Minister of rural development of the Republic of Senegal, and of the honorable Orville Freeman, former American Secretary of Agriculture and former Governor of Minnesota.

Mr. THIAM discussed the problems of production and marketing of agricultural products in the developing countries and the important question of the world market for these products; at the same time, he called for solidarity among all the nations, that is basic to the Co-operative Movement.

For his part, the honorable Orville Freeman emphasized the important problem of unemployment in the developing countries and showed that the co-operative movement « has just begun to use the resources of capital and know-how at its disposal to help peoples throughout the developing world ». He said : « Fuller and more imaginative use of co-operatives and credit unions' techniques in the development of new enterprises would be an important answer to the rising crescendo of criticism and disillusionment in the less developed world ». He pointed out that the approximately 40 million individuals represented by our organizations could constitute a powerful force in the advanced countries as well as in the developing countries, provided these individuals were informed and courageously led.

In the report which Dr. Saxena made for I.C.A. he dealt with certain major problems. The human factor, which must remain our primary concern is characterised in the developing countries by widespread apathy, commitment to the traditional way of life and is burdened with unproductive debt. Against this background, the Co-operative movements are increasingly adopting the integration of credit with other agricultural activities leading to the creation of multi-purpose Co-operative societies, promotion of savings and enlarging the area of extension services. This integrated approach to co-operative credit appear « expensive », but it seems reasonable to state that it sets in motion a process which leads to increased production and savings, and, ultimately, to a higher standard of living.

The authors of these papers presented by CUNA detailed the current status of credit unions' efforts to aid the economic progress in developing areas throughout the world, explained the continuing need, described the problems experienced by private, church related, governmental and international organizations in providing developing countries with the techniques and know-how for the development of their own thrift and credit co-operatives, and analyzed the programs and procedures which through extensive testing in a number of areas were proved effective.

Mr. Udaybhansinhji, President of the National Co-operative Union of India, recalled that the government had to date taken very little interest in the co-operative movement, which would explain its weakness. The co-operative movement in general is an autonomous movement which must constantly involve its members in its work. Its autonomy must not be impaired even when the government is supporting the movement. One thing is certain and that is that the co-operative movement requires a legal framework which has been lacking up to now. In the last few years long term financing has been arranged through the efforts of the All India Central Land Development Banks Co-operative.

But the banks are faced with three kinds of problems :

a) lack of personnel to make technical inquiry into loan requests from the point of view of prospective profitable investments.

b) insufficient agricultural infrastructure specifically with regard to irrigation canals and mechanical equipment.

c) the exceptionally large number of small farmers who cannot be neglected from the stand points of developmental strategy and social justice.

Long-term credit must be supported on the one hand by a firm organization of short and medium term credit extended by village co-operatives and on the other hand by a solid marketing organization for agricultural products also on a co-operative basis.

The Indian co-operative movement depends upon the solidarity of the world movement and is ready to help similar movements in sister countries in any way possible.

Dr. Werner Schiffgen presented a report for the Deutscher Raiffeisenverband in which he emphasized that « differences between different countries especially between young and old countries, inevitably shows up in the differences in co-operative structures. Nevertheless, the principles set down by Raiffeisen, namely self-help, autonomous responsibility and administration, remain universally valid. The Raiffeisen organization attempts to promote the creation and development of co-operatives in the developing countries, by training German co-operatives experts to be sent to the developing countries. The programs of the German Raiffeisen Association are essentially devoted to the practical aspects of the various co-operatives. Dr. Schiffgen gave as an example this Association's collaboration with Turkish co-operatives.

Mr. Belloncle, after recalling in the report which he presented for IRAM* that mutual credit has a lengthy history in Black Africa, also demonstrated the impossibility of transposing models of thrift and credit co-operatives as they exist in industrial countries. He underscored the fact that solidarity between co-operators had to stem from sociological unity with an economic base, the African village borrowing one of the basic principles set down by Raiffeisen. In describing the success of the co-operative movement of Niger not totally unmixed with failure, he demonstrated the necessity of setting up co-operatives grouped in solidly structured multi-functional unions, capable of giving the budding co-operatives necessary support in all domains from the very inception. Lastly, he emphasized the necessity for training villagers in the direction of solidarity and general co-operation.

Professor Hoynden suggests that agricultural co-operatives invest in International Co-operative Bank (INGEBA) to balance its urban membership and encourage emphasis on long-term agricultural loans not now available from this source.

After urging the development of a strong international co-operative bank, Professor Hoynden finds that it will not be necessary to establish a new international co-operative credit organization « if central banks for agricultural co-operatives, producers' and consumers' co-operatives join INGEBA and settlement of trade is smoothly carried out as well as demands for long — and medium — term loans are fulfilled. To establish an international co-operative credit orga-

* Institut de Recherches et d'Application de Méthodes de développement (Paris).

nization whose membership is limited to agricultural co-operatives, may not only face many difficulties but also bring about competition with INGEBA, leading both to difficulties in management ».

The paper presented by the International Co-operative Alliance offers the proposition that « International financing of agricultural co-operative enterprise may be executed by an organization which may also cover other types of co-operative enterprises, not necessarily only agricultural co-operatives. Such an approach would enable us to tap resources for international financing of agricultural co-operative enterprise from all types of co-operative undertakings, and so enlarge the basis for collecting the capital needed for the modernization of agriculture ».

ICA is presently engaged in a study of financing agricultural co-operatives under the joint auspices of several international organizations including the International Labour Office, the Food and Agriculture Organization of the United Nations and International Co-operative Alliance. The complete financing of this study, ICA needs some additional £ 5,000 and would welcome assistance from a technical expert on a loan basis.

Through its Regional Offices in South-East Asia and East Africa, the ICA is engaged in conducting educational conferences, seminars, and teacher exchanges and research programs in South and East Asia and in East and Central Africa. It is now planning to give orientation programs to newly appointed Registrars of Co-operative societies as it is they who are the most important segment of leadership in the context of government-sponsored Co-operation such as obtains in most of the countries of these regions. The ICA Regional Office in New-Delhi also helps in the development of international inter-co-operative trade. Mr. Udaybhansinhji said that the presence of the ICA in Asia was helpful in preserving the autonomous character of the movements as well in preventing the movements of the various countries of the South-East Asian region from becoming adjuncts of their governments. The Conference suggests a meeting between credit co-operatives and the I.B.R.D.

Two of our speakers presented us with major challenges. Although the challenges come from different continents, their proposals are closely related.

In his keynote address, while speaking about the proven value and established effectiveness of directed agricultural production credit programs in several South American countries, the Honorable Orville Freeman suggested that our organizations become more directly involved with aid to developing countries by providing a guarantee fund backed up by 1 per cent of our assets. Said the former Secretary of Agriculture of the United States, « You can launch a co-operative action program which will reach out to the small cultivator and farm laborer all over the world, bringing them the organization, technical know-how; pride of personal participation, and the credit he must have to be a mover and not an observer... A modest commitment from the \$ 2 billion of credit union reserves would go a long way to provide desperately needed capital and could trigger outside capital worldwide ».

What is your reaction to these challenges? Speaking as president of a worldwide organization with active involvement in economic development programs throughout the globe, I must confess my deep enthusiasm for the idea of an international guarantee fund. And I sincerely hope that your response to these challenges will be similar to mine. They represent a unique opportunity for the jointed action of our co-operative organizations.

In conclusion, let me say that our conference this week has convinced me more firmly than ever that we need to continue our international conferences on co-operative thrift and credit at regular intervals. We need them for two very obvious reasons : To learn more about each other and to exchange ideas, experiences and techniques. There is solid evidence that each of us benefits from these contacts. And I hope that we will expand and intensify our contacts with each other between now and our next conference.

Mr. UDAYBHANSINHJI

India

I would like to clarify and correct certain points expressed in regard to my written paper viz. That the Government of India was only remotely interested in Co-operatives. I think the first page of the paper which refers to this subject has perhaps been responsible for giving room to this type of misunderstanding. As will be seen, it only traces the history of the Indian Movement as it existed some 65 years ago when legal provision for the creation of co-operatives were constituted by the Government in the country which unfortunately did not evince sufficient interest for their development. Undoubtedly, an erroneous impression has therefore been created that the present Government was not sufficiently interested in the co-operatives. Such is certainly not the case.

It will be noted that as I have explained in the paper, various measures were taken by our Government after the country's independence in 1947 which shows the extent of importance the present Government gives to the Co-operatives and they have provided enough proof of their active interest in their development.

I, therefore, wanted to correct the false impression and would request Mr. Robertson to take cognizance of this statement.

Mr. VEERIAH

Malaysia

I want first of all to thank the Chairman for having allowed me to address you.

The co-operative movement in Malaysia affects 700,000 people directly and indirectly 2,800,000 counting 4 people per family or 28 % of the population and extends over 25 economic domains such as co-operatives of thrift and credit, consumers, housing, insurance, banking, etc. The total capital involved amounts to some 500,000,000 \$ and the American dollar is worth 3 Malaysian dollars. The manpower and capital involved increases 10 % approximately per year and at this rate the movement is destined to become an important economic force in short order.

The success of the movement is due to the International Co-operative Alliance that gave us directives and helped to organize seminars, conferences to encourage the directors of co-operatives.

There are currently 1644 Thrift and Credit Co-operatives; among these are co-operatives for city employees, plantation workers, small farmers in rural areas.

The Malaysian government is one hundred percent behind us because it believes that the co-operatives can play an important part in the economic development of the country.

Thrift and Credit Co-operatives in urban areas have played and continue to play an important part; they permit their members to acquire knowledge and experience in administrative matters and they have contributed to the development of the co-operative movement.

The Thrift and Credit Co-operatives, aware of the importance of educational services and advice for the development of the movement, participate financially in the activities of the regional co-operative unions and encourage co-operative education and the widest possible diffusion of the movement.

The co-operative movement has certainly played a very important role. Several industrial and agricultural enterprises function on a co-operative basis. We have sufficient financial and technical resources to permit us to engage in these activities with the collaboration, of course, of the I.C.A. and personnel such as yours.

The plan under consideration is in conformance with current policies in Malaysia; the aim is to develop agricultural and industrial enterprises which will raise the standard of living of the people and furnish employment opportunities to the young generations coming out of schools and colleges in great waves. The Thrift and Credit Co-operatives must as usual play an ever more important part in putting this plan into effect. By so doing, the co-operatives are not only going to help in the development of the movement but are going to help the economy of the country greatly and contribute to raising the standard of living of the population.

My colleagues and I listened with great interest to the eloquent speeches made by several co-operative directors of various regions. We were greatly impressed

and are intent upon taking back to Malaysia the ideas you have expressed. I want to ask the help of the organizers and all of you in finding a way to organize a seminar or a conference such as this in Malaysia through the offices of the I.C.A. so that those who are working for co-operation in Malaysia can have the pleasure of entertaining you and at the same time establishing better contact between the Malaysian people and the personalities present here at this time.

The conference has lasted five days and this makes me think of a parable I learned some years ago in school. Three lumber jacks were cutting wood : the first one when asked « What are you doing ? » answered : « I'm cutting wood ». When the second one was asked the same question, he answered : « I'm earning my living » and to the same question the third one answered : « I'm building a cathedral ».

You will agree with me I am certain, that the discussions held during this conference lasting five days accomplished what the third lumber jack said. Many new ideas have been developed by eminent personalities in the field of co-operatives which will doubtless contribute greatly to the development of the co-operative movement throughout the world.

I also want to add that irrespective of the conclusions the conference may have reached, the co-operatives of Malaysia would like to be called upon for assistance and orientation programs for we want to join you. In a very modest way we will, therefore, be contributing to the improvement of the standard of living of people throughout the world.

I again want to thank the Chairman who has given me the opportunity to say these few words and in the name of the Malaysia Delegation, I wish to thank you all for your attention.

INTERVENTION BY Mr. S.B. MWAMBA

Director of co-operative societies, Zambia.

In the name of the Zambian Government, I am very grateful for having been invited to participate in this very important Conference. I must apologize if my intervention is not quite on the subject, but I had requested permission to speak yesterday when the Conference was discussing education and it is only now that permission has been granted for me to do so. I have, nevertheless, decided to seize the opportunity in order to acquaint the Conference with our thoughts on matters which appear to me to be relevant.

First, I must stress that Zambia has only recently attained Independence and for this reason we have a task to accomplish, namely, to de-colonise the minds of our people. That is the sine qua non on which all else revolves. Our people must be taught to appreciate the importance of their own participation in the development of their country.

I would like to state that I have brought a report which is now in the Secretariat and those who are interested may acquaint themselves of its contents. I shall not, therefore, tire you with a repetition but merely outline the salient points.

We have in Zambia about 1 200 co-operatives of various types, the most important of which are the agricultural co-operatives numbering 800. We did not concentrate on the formation of savings and credit unions because it was felt that we must first create wealth before thinking of how to save it. Consequently, we started by establishing production co-operatives and thereafter savings co-operatives.

However, I must admit that we had been somewhat mistaken as events have shown that even subsistence farmers are capable of saving. Hence, our analysis of the situation was not proved to be correct.

I would, however, like to mention that we are teaching our people the importance of self-help. Most of the projects undertaken are, therefore, based on self-reliance. It is for this reason that we attach much importance to local savings but despite this desire for self-help we appreciate that our people lack the know-how and adequate capital. Because of this realisation we welcome whatever assistance we can get from outside the country. In this regard I would like to make special mention of :

- a) International Co-operative Alliance, which has assisted us in organising two seminars — one in 1969 and the other early in 1971.
- b) ACOSCA for a trainers' course in Swaziland.
- c) Saskatchewan Credit Unions League of Canada for the funds they have provided to Zambia Credit Union Promotion Committee to employ a territorial organiser.

I wish to express our thanks to all these organisations for their great help.

Finally, I wish to mention that the situation in Zambia is very favourable to the creation of credit unions. The only reason why we have not established as many credit unions as some of our colleagues here have done is that we wanted first to have a good administrative system established in order to ensure that people's savings, when made, are safeguarded.

I assure you, Mr. Chairman, that the knowledge we have gained here will be a great help to us in achieving our objectives.

Dr. SAXENA
Director of the I.C.A.

I should like to make some remarks : first of all, I thank Mr. Udaybhansinhji for having corrected me and this correction will be duly noted.

Also, Mr. Robertson has talked about two challenges. There is only one challenge which, however, comes from two different sources and this challenge was related to the creation of an international guarantee fund; the idea was launched by Mr. Freeman on the one hand and the International Co-operative Alliance on the other.

I also think that the Minister for Rural Development of Senegal, Mr. Habib Thiam, has talked to us about the great need for technical assistance and, if the Conference agrees, this could be mentioned in the final report.

It is obvious that the conclusion of this morning's discussions do not appear in this report; this morning's exposé in summary form could be added on this subject in the final report.

And, finally, although you have already done this, Mr. President, I should like to take this opportunity for thanking personally the members of the editorial committee : Messrs. François, Hertel, Desroche, and others, who have written the draft of this report.

SPEECH BY Mr. d'ANDLAU

Honorary President of the « Confédération Nationale du Crédit Mutuel ».

It is both an honour and joy for us to welcome in France, the second international Conference on Savings and Credit Co-operation.

We wish to thank you for bringing us the echo of motives that inspire your activity : I am certain it will have found here a resonance that will carry it far and for a long time.

When so much misery, unrest, injustice spatter the world, is it not heartening to witness so many countries that feel the need to assemble for a period of a week in order to think together and get to know each other better and help each other ?

We have, all of us, brought the testimony, the evidence of our will to help human condition progress through the use of the resources of our common ideal : the spirit of mutual aid and co-operation.

It is with that spirit that Raiffeisen, founder of our mutual credit movement, established his first banks which were savings and credit co-operatives. He imparted upon them one ideal : mutual help animated with solidarity. And it is this spirit we would like to encourage you to keep, to develop, to cultivate.

Allow me to relate a personal experience : an example of the manner in which it became possible.

A few years ago, I was invited by a very important bank from the outskirts of Strasbourg to celebrate its eightieth anniversary. This Caisse was founded in 1882.

The Mayor who welcomed us said in a speech : « If the town in which I have the honour of welcoming you to-day is a beautiful city, well developed and ordered, it is thanks to the existence, since 1880, of a mutual credit bank in this town. During these 80 years, there is no family from this town that did not need, — may be temporarily but always received efficiently, — the help of the Mutual Bank. But neither is there in this town a family that does not have at least one deposit booklet with this Caisse. »

The standing principle is that to-day's saver can be to-morrow's borrower, and to-morrow's borrower may well become the saver and depositor of after-tomorrow.

And he added : « This is what members of our society did; this is what the people here did : they give other a helping hand in matters of credit.

This is a concrete example of what can be the operation and utility of a Caisse if it is fully impregnated with this spirit of solidarity and mutual help which constitutes the basis, the ideal for all our organizations.

This morning, it has been said that we must attract the young. Of the young,

it is said that they contest, but many among them are still capable of becoming enthusiasts for some object.

And if we can make them understand that there is an ideal, a spirit, a spirituality at the basis of our savings and credit organizations, then it will be easier to conquer them, and they will willingly come to help us, join us, and thus rejuvenate the ranks of our bank staffs which are perhaps a bit oldish.

Now, we shall part, but it will only be good-bye and not farewell. In any case, we feel we have lived through a great hope full of promises.

May I be allowed once more to thank you for coming, for helping, for contributing the riches of your reports, for the encouragement you are giving us to continue our work with a heart full of joy, with an increased zeal, always to aid and serve our populations.

ADDRESS BY Dr. BONOW,

President of the International Cooperative Alliance.

This Conference has been in many respects remarkable. We received excellent documentation which has given us the opportunity for a discussion in depth. We have been brought together by a common interest, that is to say : to promote the improvement of economic and social conditions, not only in industrialized countries but even more so in the vast regions of the world we call the developing countries.

In his very encouraging speech the Honorable Orville Freeman called attention to the fact that, in our co-operative undertakings in all their varied forms, we face to-day a great challenge; a challenge such as we have never met before in the course of our whole history.

He stressed that the funds we have accumulated in our various co-operative enterprises should contribute in assisting co-operative development, and in particular in the promoting of thrift and credit societies in developing countries by bringing them technical aid and assistance. But he also said that it was not at all a question of a one-way assistance but rather of establishing a true partnership. This means that all those who desire to help their brothers and sisters throughout the world have the possibility to do so through co-operation, whether they live in industrialized or in developing countries. It will be possible for them, thanks to efforts made jointly, to create conditions for a better life.

It should be mentioned that the United Nations, as already said, adopted unanimously two years ago, a resolution which stresses the importance of the co-operative movement in the field of technical assistance as a contribution to

the development efforts in the third world. This resolution was transmitted to the Economic and Social Council which widened its scope in respect of its implementation. This resolution was also unanimously adopted by the ECOSOC session.

Furthermore : several FAO conferences have stressed the importance of the co-operative movement as an instrument supplementing the governmental development planning. Similar statements have been made by the ILO.

Furthermore : during the preparatory work for the second United Nations development decade, increased attention has been devoted to the role which the co-operative movement can and must play. This, for us very encouraging interest on the part of the United Nations and their various specialized agencies, have several reasons.

One of them was highlighted already in connection with the implementation program for FAO's world indicative food plan, stressing fixed priority areas for concerted global action. In the document to be submitted to the FAO at the conference to be held in Rome from November 7th to December 1st of this year, among these areas *the mobilisation of human resources* receives top priority and is considered as the key activity for all other actions in FAO's priority fields.

This document mentions projects for medium-term activities and programmes covering a period of two years.

We find as a first point : the mobilisation of human resources within the framework of necessary institutional and social reforms, accentuating very markedly agrarian reform and the employment of agricultural labourers, as well as education at all levels. Improvement of rural life, including plans for the improvement of family life and the role of the woman in the development : the mobilisation of individual co-operative efforts and community efforts; the development of communications and information, essential to the achievement of these aims.

The document setting out all these general recommendations to be submitted at the FAO Conference includes a paragraph dealing particularly with institutional conditions for development. It is stated in this connection that the co-operatives and other farmers' organizations have an essential role to play as instruments for mobilizing the human resources for development efforts. In this context the activities of the new Joint Committee for the promotion of agricultural co-operatives (COPAC) are mentioned. This Committee constitutes the liaison body between the FAO, the ILO, the ICA, the IFAP and the International plantation workers' organization.

Well now, this Joint Committee, located at FAO Headquarters, aims at coordinating technical assistance and will, we hope, contribute to avoid overlapping and assist in filling existing gaps in the field of co-operative technical assistance. It could also help in the establishment of new plans and the defining of new ideas.

I have mentioned just a few examples illustrating the increased attention devoted internationally to the role the co-operative movement is expected to play to promote economic and social progress in developing countries.

Those examples illustrate the main point made by Mr. Orville Freeman and other speakers. We have now a unique chance in the world co-operative movement in its various forms for active participation in the concerted efforts to promote economic and social development in the third world.

May I add that, next week, ICA's Central Committee, which is perfectly representative of our organizations, will meet in London. The most important decision it will have to make is linked to the 75th anniversary of the International Co-operative Alliance. We commemorate this anniversary by launching a worldwide promotion program under the title : « The Co-operative Development Decade ». This will be extremely important for the ICA and the organizations belonging to it, and will represent our contribution to the United Nations Second Development Decade.

As I have already said, all those who believe in co-operative action and mutual assistance now have a better chance than ever before to do something. It is up to us to see that this chance is transformed into action. We should not restrict ourselves to paying lip-service to the development efforts. What we need now is action. And we must prepare our actions and plan them well; may all these efforts and all our goodwill combine for action. We must rise to the occasion.

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I think we will all agree that this conference has been useful and successful. In my capacity as Chairman, I have already thanked the rapporteurs, and in particular Mr. Robertson for the arduous work he has carried out for us. But I cannot close this address without expressing to our host organizations, and first and foremost to Mr. Lacour, our very sincere thanks for the heavy task he has accomplished in collaboration with the Secretariat. All the preparatory work has been excellent, and I think we cannot over-estimate the importance of the arrangements made with a view to simplifying and facilitating our work.

I also express our very warm thanks to our interpreters; orators have sometimes spoken very rapidly, but I have listened to the interpretations and have noticed that our interpreters have none the less been able to keep up with the speed.

Finally, I thank all those participating in this Conference for having taken part in the discussions and thus contributed to make the conference a success.



During the closing banquet (left to right).

Mr. CHIRAC, Secretary of State at the Ministry of Economy and Finance, France; Mr. L'ALLIER, Minister of Communications, Quebec; Mr. LA-COUR; Mr. D'ANDLAU, Honorary, President of the Confederation Nationale du Credit Mutuel; Mr. ROBERTSON, President of CUNA International; Mr. UDAYABHANSINHI, President of the National Cooperative Union of India; Mr. VELITCHKOVITCH, State Secretary to the Merchant Navy, France.



Mr. Jean-Paul l'ALLIER, Minister of the Communications, Québec, delivering an address during the closing banquet.



The closing banquet.



The closing banquet.

SYNTHESIS OF THE WORKS OF THE 2nd INTERNATIONAL CONFERENCE ON COOPERATIVE THRIFT AND CREDIT

I — EDUCATION AND YOUTH

Reports on youth and the credit cooperatives were presented by the « Confédération Nationale du Crédit Mutuel » (France), Cuna International Inc., Cuna Mutual Insurance Society, the « Fédération de Québec des Unions Régionales des Caisses Populaires Desjardins » and the Raiffeisen Zentralkasse, Tyrol

Report on education were presented by representatives of the « Collège Coopératif » (Paris), Cuna International Inc., the « Fédération des Caisses de Crédit Mutuel de la région parisienne », the « Conseil de la Coopération du Québec ».

The two themes of « education and youth » are closely interconnected :

— both are inherent in the problem of the social and cultural development of cooperative and mutual credit in the world ;

— both are equally acute :

that of education because of the stage of specialization banking procedure has reached : « the bank is a labyrinth semantically speaking, in which only the professionals can find their way », one of our speakers (M. J. Schneider) has said ; that of youth because of its preponderance today and because of the population explosion that is threatening ; it has been repeatedly said that in many parts of the world, more than half the population is under 27.

— Both of these problems are in the limelight, often because of the conflict in the aspirations of a youth which is not only more numerous but impatient though more mature on the one hand and the traditional institutions of cooperative endeavour on the other, not only as to how their ideas are taught but as to how they are actually structured.

Several reports have presented experiments in promoting the cooperative movement by youth cooperatives ; others have presented important experiments which partake both of promotion and participation. Others have emphasized that intensification of communication regarding these experiments might well and should indeed lead to an acceleration and amplification of the cooperative policy of youth in the various channels of permanent education.

According to Dr. Schlenck : « It is high time that we try to come some sort of agreement with youth in all aspects of our common existence if we are to change and eventually improve our outmoded structures ». According to Mr. Lehmann, the revolt of contemporary youth is a result of the lack of synchronization between economic and scientific imagination and social imagination ; again, according to Mr. Lehmann, cooperative and mutual movements must give evidence of this social imagination to reduce this lack of synchronization in their own field. Others say that we should clarify and deepen the image the cooperatives have of youth : « Whatever else one might say, our young people are full of potential that believes in cooperatives values. The problems is to decide what

« we mean by youth and then to see how this youth can integrate our cooperative « organization ». (A. Lamarche). Lastly, others have suggested that the idea the young have about cooperatives has to be clarified and strengthened (H. Desroche, G. Schlenck). Others have voiced regret that a committee or group of young people were not invited to express their point of view on the themes discussed during this conference following the example of youth round-tables that Cuna Mutual started in 1967.

As one report said : « It's a two-way road : the credit unions need youth « and the young need credit unions » (CUNA). Another stipulates : « We should « no longer waste our efforts in statements of intention or warm assurances « made during general assemblies... We have actually to involve the young in « our discussions... » (G. Schlenck). The youth policy of the cooperatives implies « thinking young » on the part of the cooperatives.

To summarize provisionally the principal points of the double and complementary policy as it emerges from the various reports, we can reduce to seven principal subjects our efforts at communication, experimentation, innovation and amplification. These seven headings define as many possible and desirable bonds between what is offered and what is demanded reciprocally by cooperative development and youth.

1. COOPERATION AS TAUGHT TO THE YOUNG

Within cooperative organizations by addressing the quadruple population of their membership, their administration, their managers, their employees, wherever the young have penetrated into these categories.

Outside these organizations, making such instruction an integral part of consumer and citizen education at different educational levels — primary, secondary, university — and a permanent feature effecting public opinion. Liaison with college institutions was suggested by the representative of the « Conseil de la Coopération du Québec ».

2. COOPERATION AS PRACTISED BY THE YOUNG

There is no better teacher than experience, including the experience of the cooperative and the credit mutual especially when it is not only set up and managed for but by the young. There have been important experiments in this direction in Canada (Mr. Girardin) and in the United States (CUNA).

These experiments can be divided according to age : primary school children, secondary school students, university students. Some of these experiments went so far as to inculcate the cooperative process in economic self-management as well as in pedagogic emphasis on reformulation of both content and methods in the direction of active communal teaching, bridging the gap between cultural training and social involvement.

3. COOPERATION REINVENTED BY THE YOUNG

G. Schlenck quoted some famous words in his report : « Young people who « are not revolutionary are lacking in heart. Old people who are not conservative

« are lacking reason ». Models of cooperative development over a century and a half's experience have been tried and proved true. It would be cowardice on the part of those now responsible for the movement to take refuge in concessions, compromises and capitulations. But reciprocally, the same speaker added : « We must ask ourselves in the present state of our credit cooperatives whether we are really set up to attract the younger generation... Our relations with youth cannot be unilateral but must be reciprocal... » It is as if the cooperative movement had to be reinvented for every generation.

4. CONCERTED COOPERATION WITH THE YOUNG

We have emphasized that cooperative and mutual Credit is postulated and based on « educational participation » (« Fédération des Caisses de Crédit Mutuel de la région parisienne »). Other reports (Cuna International) described the kinds of training that make such participation not only plausible but effective : orientation, job training, management schools... etc. Others mentioned various programs — round tables, publications, professional training periods, local clubs, advisory councils, etc. all with the purpose of familiarizing the young with the working and the ideal of mutual and cooperative Credit. All of this concerted activity is to involve the new generations progressively in participation.

5. THE COOPERATIVE MOVEMENT RELAYED BY THE YOUNG

As one report said (CUNA) one of our major imperatives is to « reverse the aging tendency ». The Daneau report has this to say along the same lines : « Thrift and credit cooperatives like any other cooperatives have to think about who will carry on the movement ». Several ways are open to us : « The promotion of young worker-members of cooperatives, permanent contact with the university population because this is the youth that will be running the Society of to-morrow » (A. Lamarche); « by welcoming young companies or young movements which offer new models of action and organization » (H. Desroche); by dividing the work of relaying the movement among different generations, by permanent education to mature the younger generation and to rejuvenate the mature generation, by recruiting members of our movement under forty and even under thirty and by accepting a growing proportion of this age level in the pyramid of different ages represented within a movement.

6. COOPERATION SPREAD BY THE YOUNG

One of the great potential areas for the cooperative movement is that of the young nations. Now, even if the cooperative credit movement reaches 70 million members throughout the various continents there will always be the question of tremendously unequal development : unequal rate of penetration, unequal mean per capita transaction. One of the major tools of combating such inequalities is action and the united reaction of youth : those coming from young nations learning from the experience of already advanced movements and those from old countries going forth to help the inexperienced nations get started. We have had some experience in this already. The reports unanimously express the wish that they be amplified and come, under the coordination of the I.C.A. to develop a significant cooperative sector among the technical government systems of cooperation whether bilateral or multilateral.

7. THE COOPERATIVE MOVEMENT INHERITED BY THE YOUNG

This last heading subsumes all the others. The world organization of cooperative and mutual Credit constitutes a vast patrimony to pass on. The world's youth is going to need this just as the movement needs youth to carry on the movement and render it more fruitful. To do this requires practical ties, real and effective ties whereby the patrimony may be taught and practised by the young from the very beginning, and perpetually reinvented by them, concentrated, relayed and spread by them. If such ties are lacking this patrimony will deteriorate. As the « Conseil de la Coopération du Québec » report stated : « It « is far from certain that the symbol of the torch being passed from one generation « to the other has much meaning for the youth of today. Rather does it appear « that the heritage of past generations is simply treated like inventory ». This brings us back to Watkins' axiom quoted in the same report that obliges the cooperative movement paradoxically to be an « economic movement via educational means » and at the same time an « educational movement via economic means ».

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II — TECHNICAL PROGRESS, GEOGRAPHIC DEVELOPMENT AND EVOLUTION OF STRUCTURES WITHIN THE THRIFT AND CREDIT COOPERATIVE MOVEMENT — RELATIONS WITH GOVERNMENTS

Ten reports dealt with the orientation of the thrift and credit cooperative movement in view of meeting the exigencies of our modern economy.

Articles dealing with this subject came from the following sources : Bangui, Central African Republic, « Banque Française de l'Agriculture et du Crédit Mutuel », Central Cooperative Bank for Agriculture and Forestry (Japan), « Crédit Coopératif » (France), « Deutscher Raiffeisenverband » (West Germany), « Fédération des Caisses d'Economie du Québec », « Genossenschaftliche Zentralbank » (Austria) and National Cooperative Union of India.

A profound transformation has taken place within the technical and socio-economic framework of the problem of thrift during the last few years. The thrift and credit cooperatives are therefore forced to search for new forms of activity; as CUNA's report noted, the most distinctive feature of any financial institution is its capacity to change.

Thrift which at one time answered a vital necessity is now elective matter », wide-spread life insurance and social security has reduced the propensity to save especially in young households which are demanding more credit. Furthermore, the number of people depositing savings will not increase in the coming years at a sufficient rate to satisfy financing needs.

The promotion of thrift implies a large diversification of services which the thrift and credit cooperatives must be able to offer their customers. Some of the subjects relating to this treated in the reports were : new techniques of service, leasing, discount and rediscount, management of investment funds, certificate of deposit, the credit card system and electronic transfer of money, deposits

combined with insurance, the setting up of new companies to facilitate furnishing special services to other cooperatives. Generally speaking, the whole thrift and credit apparatus is becoming increasingly complex.

As banks are faced with the same problems there is more and more competition among savings institutions within the rising cost context resulting from new services and increased rate of borrowing money.

The thrift and credit organizations in industrial or post-industrial countries must also resolve the problems of the balance of trade resulting from this situation. They must become more efficient in their management and in certain cases must consolidate and rearrange their inner structure. Thus the Raiffeisenverband of Bonn's report announced the merger of the Raiffeisen organizations with the Schlutz-Delitsch banks in Germany.

The developmental policies with their different technical, commercial and geographical aspects result in costs which cannot be amortized except by organizations of greater and greater size.

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Five reports bearing on the question of the relations of credit cooperatives and banks with governments were contributed by the « Genossenschaftliche Zentralbank », by the « Istituto di Credito delle Casse Rurali ed Artigiane » and by the « Crédit Mutuel » (France).

While relations with government agencies are notably constructive in the United States and in Austria, Professor Tana speaking for the « Istituto di Credito delle Casse Rurali ed Artigiane, pointed out that on the contrary « the cooperative « movement in his country is becoming atrophied and all progress is slowed « down because of technical difficulties, legal obstacles, lack of interest on the « part of the government to stimulate and intensify activity within the credit « cooperatives. »

In general the necessity for the governments to respect the freedom and autonomy proper to the exercise of true cooperation was emphasized as well as that of equalizing the conditions of competition.

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In our present phase of evolution we run the risk of having economic growth and success, involving as it does a concentration of the power of decision, bring about a progressive weakening of the social significance of the cooperative movement and its principles : participation and a sens of common welfare.

In this connection the « Crédit Coopératif's » report (France) emphasized the opportunity that thrift and credit cooperatives have to carve out an important place in their development plans for various sorts of cooperatives which will fulfill their fundamental goals.

But especially of capital importance is the role of the basic structures — local banks on the level of the man in the street — in organizing real participation despite the inevitable centralization inherent in putting policy into effect.

This participation, this capacity for innovation to reach new economic dimensions is going to make cooperative thrift and credit one of the model sectors of modern banking activity.

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III — THRIFT AND CREDIT COOPERATION AND AID TO THE LESS DEVELOPED COUNTRIES

Aid to the Less Developed Countries was one of the chief subjects of the second International Conference on Cooperative Thrift and Credit. It constituted the theme of numerous reports and speeches and on the occasion of the inaugural session of an appeal on the part of Mr. Habib Thiam, Minister of Rural Development of the Senegal Republic for the solidarity of all nations and a long speech by Mr. Orville Freeman, Governor of Minnesota, and former United States Secretary of Agriculture.

The subject was largely discussed from the point of view of rural development.

Aid which the cooperatives contribute or might contribute was examined under a threefold aspect :

- self-development through rural cooperatives,
- the training of staff to work in this field by the cooperatives in a spirit of solidarity without national barriers,
- the financing of development through world inter-cooperation.

I. COOPERATIVES AND SELF-DEVELOPMENT

The human obstacles

The human obstacles that thrift and credit cooperation encounters in the Less Developed Countries show by their very existence the necessity for promoting this field. Dr. Saxena, Director of International Cooperative Alliance has enumerated them in a report entitled « A Glimpse at some problems of thrift and credit cooperatives in the Less Developed Countries » : crushing poverty, passivity and the distrust felt by most of the people, weak productivity and heavy indebtedness which in itself is a source of poverty.

Poverty and Ignorance.

In a note presented by CUNA International and entitled « The problem of cooperative thrift and credit in the Less Developed Countries », poverty is analyzed as a « sub-culture » : « The culture of poverty is not only a matter of economic deprivation, of disorganization, or the absence of material goods available to other social groups, but represents an adaptation and a reaction of the poor to a marginal position in a stratified society... Thus, it seems that the solution to what may be considered the first major problem — the limited circumstances of people living below the subsistence level — is not one of mobilization but rehabilitation ». The cooperatives must be a powerful tool of rehabilitation. The note goes on to say : « Rehabilitation is a process which

« involves not simply the introduction of new ideas and concepts but the adapting
« of positive aspects of already existing patterns within the society ».

After having described the apathy and absence of initiative of the great masses of the people in the Less Developed Countries, « due largely to poverty, disease, ignorance and illiteracy », Dr. Saxena states :

Lack of organization.

« It is obvious that such an attitude towards life is a source of weak pro-
« ductivity... Moreover, the labor force is frequently ill and weakened by mal-
« nutrition and disease, only familiar with the most primitive modes of production,
« lacking equipment, funds, knowhow and all the other factors that make
« for productivity. Their land is much too inadequate and their markets too
« small and absence of transport facilities prevents them from being able to
« produce more than just enough for basic subsistence. »

Unproductive indebtedness.

« ... These factors added to others have kept almost all these developing countries
« in cumulative servitude caused by unproductive indebtedness to private lenders
« who are usually at the same time land-owners or business men. One of the
« basic factors of this dilemma is the length of the agricultural production cycle
« that results in the major part of the rural population receiving the return on
« its labor only once a year. »

Lack of training personnel.

CUNA's report which was quoted above points out another important difficulty in the development of cooperation : what is referred to as the « mortality rate » among those trained within the credit union movement. « Even if we could find
« in these rural communities the type of individual, the initiative and training
« required in directors and staffs of credit organizations, we are faced with an
« additional difficulty : as soon as such an individual acquires this type of training,
« he is quickly picked up as obviously everyone in business is anxious to find
« such personnel ».

In addition to the basic difficulties of finding human resources there are legal problems as mentioned in several of the reports : the status of property and the fact that local legislation is not adapted to the essential rules of the cooperative. This is but a reflection however, of the general mentality. There would be no point in changing the law without attempting to develop thinking in a pragmatic and realistic way which the cooperative is in a position to do, with the staff to do it.

The methods.

All the reports and papers agreed upon the necessity of a close integration of cooperative thrift and credit within the totality of economic activities on the regional and national level as well as on their membership level.

The credit linked to its aim.

In the report cited above which actually constitutes a valuable synthesis of the work of examining these problems, Dr. Saxena clearly described the objectives and the methods of credit thus integrated on the level of members of the rural

economy cooperatives. « The aim of integrated credit is to permit the borrower « to reduce his cost price and increase his profit and to make enough to invest « in increasing his productivity and improving his standard of living.

« The method of integrating credit has four steps :

a) « liaison of credit with the other phases of the mechanism of production « and marketing, anticipating and organizing production, purchasing, transformation of raw materials, storage, flow and bringing into line the personal « needs of the producers,

b) « unification... of the administrative procedure in connection with these « different interconnected phases,

c) « promotion of savings,

d) « setting up of services to disseminate information and to train and orient « staff ».

The need to link the credit to its aim is universal in all economic milieux whether rural or industrial.

The Credit Cooperative combined with the Production and Marketing Cooperatives.

The second step toward integrating credit is what Dr. Saxena calls « unified administration » which aims to establish close ties between the administration of cooperative loans and the administration of the cooperative activities of production, supply transformation, storage and marketing. He thinks that « the « most efficient method is by means of a multifunction cooperative — on village « level or federal level — whereby credit is furnished by the same organization « that administers the production and business activities of the company ». There are other methods but the advantages of the multi-function organization are increasingly recognized by the developing countries.

Savings tied in with business.

The very close relationship of the cooperatives administering credit and those administering production and marketing activities, or better yet, their organic integration, is also necessary to encourage saving which brings us to the third step in integrating credit : it is easier to have a small sum deducted from total sales to be put in a savings account than to make deposits for the same purpose with money in hand.

Training the borrower.

The fourth step toward integrating credit is supervision which begins with the organization of production programs. The borrower must be trained throughout the phases following production and marketing and this must include orientation with regard to making loans for personal consumer goods. The cooperative members themselves must furnish this orientation and their personnel and membership must be trained to do so.

Reports and papers presented by Mr. Belloncle representing the « Institut de Recherche et d'Application de Méthodes de Développement », Mr. J.B. Mokosso, Comptroller of the Cooperation in Central African Republic and Mr. Y. Udayabhan-sinhji, President of the National Cooperative Union of India, described their experiences and their conclusions which were in line with Dr. Saxena's synthesis.

Liaison between the African village and credit and production cooperatives.

Mr. Belloncle, after recalling that the credit union has a long history in black Africa showed that it was quite impossible to transpose the types of thrift and credit cooperatives as they exist in the industrialized countries. He said that solidarity among cooperatives had, however to be established on the level of the basic socio-economic unit — the African village —. Describing the success of the Nigerian cooperative movement after a number of failures, he showed how important it was to organize cooperatives within solidly structured polyvalent unions capable of lending the necessary support at the inception of new cooperatives. Lastly he demonstrated the importance of preparing the villagers for the experience of solidarity and more generally of cooperation.

Mr. Mokosso gave an example of human obstacles of the kind Dr. Saxena described when he spoke of the beginnings of agricultural cooperatives in the Central African Republic :

The need for training the people and developing a staff in African and Indian cooperatives.

« ... The cooperatives were set up on an incorrect basis to begin with. The error was not on the part of the cooperators themselves but a pervasive one in all the Less Developed Countries where an attempt had been made to set up cooperatives without proper preliminary training of the cooperators. It brought about a lack of cohesion, solidarity and mutual aid which are the primary conditions for the smooth operation of a cooperative. »

These same problems were mentioned by Mr. Udayabhansinhji when he spoke of the exceptional number of small firms in India whose infrastructure was insufficient and who were lacking the necessary personnel technically to examine loan requests.

2. THE TRAINING OF COOPERATORS BY MEANS OF INTER-COOPERATION

Among the many human obstacles to the development of cooperatives, several reports, especially one presented by Cuna International, spoke of what they called the « mortality rate » among those trained to take part in the cooperative movement.

The Less Developed Countries have the greatest need for permanent and sizeable international aid in the training and constant renewal of technicians and cooperative managers.

Mr. Orrin Shipe, General Manager of Cuna International spoke of the spirit in which this aid must be given :

The formation of Cooperatives by other Cooperatives also confronted by poverty ; exclusion of paternalistic attitude.

« ... The most serious problem is the lack of skill, motivation, involvement and ability among the people of the Less Developed Countries... In the developed world we are beginning to confront problems of poverty, welfare, alienation of youth, metropolitan chaos, rural disintegration and others in ways that admit the existence of problems and that give promise of working through to needed reform. Actions on human problems taken in the developed

« countries are not necessarily guides to actions in the Less Developed Countries
« but they are evidences to those who labor for reform in those countries that
« we can be worthy partners in their efforts. Together, we might even forge a
« Partnership for Progress ». This, at least, will do much to overcome the
« paternalistic attitudes which often have characterized some of the assistance
« programs in the past ».

Doubtless, better than any others, national and international cooperative movements are prepared to contribute aid in this spirit toward progress in the Less Developed Countries by participating in the training of staff for the cooperatives of these countries.

Problems to be solved.

Nevertheless, the problems that will confront such inter-cooperation are many : the peoples' distrust for ideas from outside, the frequent unsuitability of the training programs and the models provided by the industrial countries and at times the attitude of the leaders of the aided countries.

The CUNA International report quoted extensively above, makes this very clear :

The peoples' distrust for foreigners.

« ... When dealing with problems connected with the development of Credit
« Unions in the Less Developed Countries we realize the major importance
« assumed by distrust resulting from the peoples' experience with a colonial
« regime... Moreover, all the peoples manifest a certain distrust for ideas and
« things foreign to them and do not welcome change in the ways they know...
« Another important factor affecting is that in many regions there has been a long
« history of failure in attempting cooperatives.

Unsuitability of the teaching programs...

« ... Another aspect of training for participation in the cooperative movement
« is that the teaching programs in general have little connection with daily needs.
« Very often one visits a credit union and finds the subject matter of the education
« program to be either an abstract of cooperative philosophy, a study of the
« authoritarian supervision... Too often, the inability to establish a meaningful
« relationship between cooperative principles as practised in the developed
« countries and the hard, time-consuming efforts required to bring to practical
« application these principles in Less Developed Countries prevents the creation
« of a direct relationship between the two...

... and models of cooperatives in the developed countries.

« ... A further ramification of this problem is that often people of the Less
« Developed Countries who have traveled to Europe and North America for
« training have received a level of training consistent with the stage of develop-
« ment of the host country. They forget that in the case of Europe, credit union
« development has had a history of 120 years, and in the case of North
« America, a history of 70 years. This discrepancy quite often results in these
« leaders returning to their countries with the expectation of achieving within
« a relatively short period of time a sophisticated type of credit union develop-

« ment inconsistent with the home situation. Failing to do this, they do not
« attach the reason to their own weakness and misjudgements, but rather they
« assign the cause to the basic inability of people of Less Developed Countries
« to have either the potential, the initiative, or even the capacity to develop... »

Lastly, two attitudes of the governments of the developing countries, both of them deterrents though in opposite respects :

The hostile attitude of governments or their distrust and scepticism with regard to cooperatives.

« ... Many Latin-American countries, for examples, otherwise dictatorial and
« autocratic, encouraged the creation of co-operatives as one element presenting
« a semblance of democracy... »

« ... Another aspect of the problems involved in credit development in the
« Less Developed Countries is in the form of government mistrust of cooperatives.
« There are two main reasons for this. Credit Union Leaders in community
« development often find it necessary to create a feeling of dissatisfaction among
« potential cooperators with their present state of affairs. In some instance, the
« government would rather that the peasant or the low income worker is not
« brought to this situation no matter what the motive. Moreover, it is in the
« interest of maintaining power in a country that peasants feel that whatever their
« problems they should turn to government rather than to themselves for their
« solutions ». The same report gives another explanation for the reticence of certain
governments with regard to cooperatives : this is the real scepticism of those
in positions of authority and leadership in regard to the possibility of bringing
the people of their country to improve their situation themselves by making the
best possible use of their resources.

Contributions.

The reports that were presented made important contributions to the training of staff for cooperatives in developing countries for which we have to thank Cuna International, the « Raiffeisenverband » and the « Conseil de la Coopération du Québec ».

The Canadian contribution was mentioned several times especially during the day devoted to « Cooperative Thrift and Credit as a means of education ».

In the report just quoted, Mr. J. Orrin Shipe discussed the means of « transmitting institutional knowhow » and gave some examples :

Transmission and utilization of knowhow by Cuna's cooperative institutions...

« ... The greatest single reservoir of institutional knowhow is within the existing
« institutions... Certainly there is far more knowledge regarding the organization
« and operation of credit unions and other types of cooperatives within the
« cooperative movements in the developed countries than there is elsewhere... »
as statistics submitted have amply proved. He also cites the examples of how
American agricultural cooperatives transferred institutional knowhow to their
counterpart cooperatives in India to help in the building and operation of one
of the largest fertilizer plants in the world.

« ... The use of institutional knowhow by people in the Less Developed Countries
« is just as important as its supply by the institutions from the developed

« countries. Both are required for the transfer of this vital resource. The
« greatest barrier to the use of such knowhow is the lack of education and
« experience of the people who wish to use it. Quite obviously, people who have
« barely learned to read and write have much greater difficulty in building credit
« unions, cooperatives and savings and loan associations than those who have
« completed the equivalent of high school...

... especially with Church organizations' aid.

« ...Church organizations, both Catholic and Protestant, have conducted edu-
« cation programs in the Less Developed Countries for many years. More
« recently, the Catholic Church has established a number of centers in Africa
« and Asia which provide advanced training to people in the Less Developed
« Countries, including training in the organization and operation of various
« types of cooperative organizations. It has tended to follow the pattern which
« evolved years ago in Nova Scotia; starting with elementary training for the
« operation of credit unions and proceeding at later stages to include the tech-
« nical specialization required for more complex types of cooperative organizations.

« ...Cuna International has worked closely with all church organizations in
« many of these training programs. It has found that people who have received
« this specialized training are far better equipped to use technical Credit Union
« knowhow than those who have not received it. But these emerging leaders
« also require continuous training from various sources — their government,
« the churches and Cuna — in order to keep up with the demands that the
« operation of a credit union makes upon their limited human resources. »

In the report that Dr. Werner Schiffgen presented for the « Raiffeisenverband », he emphasized the importance of the « Raiffeisen » principles — self-help, self-reliance and self-management — and the fact that they were universally valid today.

Raiffeisenverbands' aid in establishing cooperatives governed by self-reliance and self-management.

« ...The problems which the developing countries face today are really not
« very different from the problems in Germany when Raiffeisen decided to
« create credit cooperative institutions. The whole development in Germany
« did not progress without hitches and difficulties. But many of the errors that
« were committed then can be avoided now if we profit by experience. What
« is astonishing is that these 120 year old experiments are absolutely up to date
« and still radiate unalterable truths.

« The « Raiffeisenverband » for many years has tried within the framework
« of its possibility to promote the creation and development of cooperatives in
« the developing countries everywhere. The Raiffeisen cooperative system being
« universally considered an exemplary system, it is, we consider, our duty
« to give our cooperators abroad the benefit of the experience we have
« acquired after many years in the field of the cooperative. Since the Raiffeisen-
« verband is a non-profit organization it cannot give any financial aid to the
« developing countries and the support that it does give is therefore limited to
« training and orienting cooperators.

« The aid which we give the developing countries is essentially divided up as
« follows :

« The training of German cooperative experts to be sent ultimately to the
« developing countries as councillors to help in setting up cooperatives. We have
« trained 35 such councillors to date who are currently working in Latin American,
« in Asia and in Africa.

*... by means of German experts and those indigenous to the developing countries
selected in agreement with their governments.*

« The training of experts and cooperative staff indigenous to the developing
« countries by means of short-term seminars lasting six weeks as well as long
« term study programs...

« ... If we examine the record of Raiffeisenverband's aid to the developing
« countries, either individual or jointly with other private organizations, in respect
« to cooperatives we find that the numerous training programs for experts
« and staff indigenous to Africa, Asia and Latin America have been very successful
« and have given excellent results. In order that this should be so, those chosen
« for these programs had to be selected according to certain criteria which
« made it necessary that they complete their training in West Germany : moreover,
« these people had to be chosen jointly by the Raiffeisenverband and cooperative
« and associations in the countries concerned.

« This was true, for example, of the advanced program organized and financed
« by Raiffeisenverband in collaboration with Turkish cooperatives which was held
« last year for the fourth time. The success of these advanced programs resulted in
« the establishment of extremely close contact with our Turkish cooperators and
« mode for a very fruitful exchange between our two countries of their experiences.
« In the end it was decided to continue these advanced programs for a period of
« ten years.

« A large number of other advanced cooperative organizations like the Raiffeisen-
« verband helped in the development of young cooperative movements. The
« principles enunciated by Raiffeisen inevitably involve the obligation to unite
« all of our strength even on an international level so that humanity as a whole
« can profit from the work of the cooperatives... »

3. FINANCING DEVELOPMENT BY MEANS OF INTER-COOPERATION

The exposes and discussion held on the subject of financing development by world cooperation brought up two series of questions — those concerning the tools of this worldwide inter-cooperation and those concerning the individual contributions to international aid.

The tools.

Mr. R.C. Robertson, President of CUNA International pointed out in his introductory report that during recent years there has been action on an international level of the Mutual Credit Cooperatives :

« ... This increased internationalism has had as a secondary result the develop-
« ment of relations between an ever-increasing number of national and inter-
« national cooperative banks. Many countries, the United States Included where
« Cuna International has for many years financed a dynamic program of inter-

« national credit firms, acquired a more international spirit in regard to their own programs for growth and development.

International Cooperative Bank (INGEBA) and...

« During the last few years, one of the biggest success stories in this domain is that of the International Cooperative Bank (INGEBA) whose main office is in BALE, Switzerland. This bank was created in 1957 by unions and cooperatives. In 1966 it was reorganized under the status of a private bank with assets of 2,5 million dollars. In three and a half years its assets have increased to 110 million dollars and it now has 32 shareholders representing 16 countries. As more and more countries establish their own central cooperative banks and these banks do business with each other we will see a greater and greater network of cooperative banks becoming integrated with other cooperative organizations. Needless to repeat that International Cooperative Alliance and its Banking Committee play an equally important role in the expansion of our international activities. Both of them have acquired new members in recent years. These members representative of all parts of the world, allow for continual discussion of the expansion and development of Mutual and Credit Cooperative institutions. »

... SIDEFCOOP in Latin America.

« ... In Latin America, the credit cooperative movement has made notable progress. As a result the Society for the Development of Cooperative Financial institutions » (SIDEFCOOP) was created by the cooperative banks of five nations and other affiliated organizations such as Cuna International and the Cooperative League of the United States. On December 31, 1968, these five banks had 100,652 cooperative members ; loans amounted to 12,7 million dollars. By 1969 loans amounted to 22 millions. INGEBA authorized SIDEFCOOP to become its loan agency for Latin American cooperatives. »

The role of the International Cooperative Bank (INGEBA) in the financing of rural cooperatives has been the subject of an interesting discussions.

The necessity of opening INGEBA to the agricultural cooperative.

After having recommended that a powerful international cooperative bank be created, Professor Hoynden of Japan said that he does not believe it necessary to create a new organization « if the central banks serving agricultural cooperatives, producers and consumers cooperatives become members of INGEBA and if business is conducted normally while long and medium term loans requests are satisfied ». The creation of an international organization for credit cooperation whose members would be long exclusively to agricultural cooperatives would encounter numerous difficulties. If, on the other hand, the agricultural cooperatives invested in INGEBA, counterbalancing the urban membership in size, INGEBA would begin to make long term agricultural loans which they do not do at the present time.

ICA's study on an international guarantee funds.

The report presented by the International Cooperative Alliance also suggested « that international financing of agricultural cooperative enterprises be done by an organization which could also cover other types of cooperative enterprises, not

« only agricultural ones. Such an approach would permit us to find resources for
« the international financing of agricultural cooperatives from all types of coope-
« rative undertakings and so enlarge the basis for collecting the capital needed
« for the modernization of agriculture ».

The International Cooperative Alliance in its study of international financing devoted a chapter to guarantee funds and did a special report on national and international guarantee funds.

The conference suggested that a meeting between the credit cooperatives and B.I.R.D. be arranged to set up the necessary tools for financing rural and agricultural cooperatives enterprises.

Contributions

Practical study of international financing.

In order to study the financing of agricultural cooperative enterprises under the auspices of several international organizations, among them the International Labor Bureau and the Food and Agriculture Organization (F.A.O.) of the United Nations, the International Cooperative Alliance will need a supplementary contribution of 5,000 pounds sterling as well as the help of a technical expert whose services are to be lent.

Above and beyond these studies, devising the tools and setting them up, the proper financing of the regional and agricultural cooperative enterprises must be assured.

CUNA's contribution & its proposal concerning contributions to a guarantee funds.

In his statement regarding the value and efficacy of the agricultural credit programs in South America, Mr. Orville Freeman suggested that the Cuna organizations participate more directly in aid to the developing countries : one of the ways of so doing would be to create guarantee funds to be backed up by a sum equivalent to 1 % of their assets. The former United States Secretary of Agriculture said : « You can start an active program of cooperation that will reach
« the small farmers and agricultural workers throughout the entire world by
« teaching them organization and technical knowhow and the feeling of pride that
« comes from personal participation and extending them the credit they need to
« be actively involved in, not merely passively observe, what is happening in the
« world. A small part of the credit union reserves amounting to \$ 2 billion
« would suffice to furnish the desperately necessary capital and to initiate the
« movement of external capital throughout the entire world.

« The aim of the Fund be to guarantee investments against loss. If only a
« part of this 1 % guarantee were liquid the Fund would still be strong enough
« to comply with the strictest investment norms ».

This suggestion is in agreement with that of the International Cooperative Alliance but it adds a direct appeal to solidarity by proposing that each group make a contribution.

In his closing statement to the Conference, Mr. R.C. Robertson said the following :

A challenge to the Conference to set up an international guarantee fund.

« ...What is your reaction to these challenges? Speaking in my capacity as president of a world organization that actively participates in economic development programs throughout the world, I must admit to deep enthusiasm for this idea of an international guarantee fund and I sincerely hope that your reaction to these suggestions is similar to mine, for they represent a unique opportunity for the concerted action of our cooperative organizations ».

LIST OF REPORTS

- « Some problems of thrift and credit cooperatives in developing countries ». Dr. S.K. SAXENA, International Cooperative Alliance.
- « Financing of cooperatives at the international level ». International Cooperative Alliance.
- « Savings and credit cooperation problems in developing countries ». Mr. BEL-LONCLE (France).
- « Co-operative credit as related to other co-operatives ». Mr. BOUIN (France).
- « The role of the Caisses Populaires Desjardins in relation to the actual economical and social context ». Mr. CHARRON (Canada).
- « Credit co-operation, cooperatives and banks ». Mr. CHOMEL (France).
- « The youth programs of Cuna Mutual Insurance Society ». Cuna International, Inc. (U.S.A.).
- « Education in the credit union movement ». Cuna International, Inc. (U.S.A.).
- « The evolution of cooperative thrift and credit since the Jamaica Conference of 1966 ». Cuna International, Inc. (U.S.A.).
- « Youth in Credit Unions ». Cuna International, Inc. (U.S.A.).
- « Credit Unions in relationship to banks in the United States ». Cuna International, Inc. (U.S.A.).
- « International Aid by cooperative thrift and credit to the developing countries ». Cuna International, Inc. (U.S.A.).
- « Credit union government relations ». Cuna International, Inc. (U.S.A.).
- « Problems of thrift and credit cooperatives in developing countries ». Cuna International, Inc. (U.S.A.).
- « Thrift and credit cooperatives as a means of development ». Mr. DANEAU (Canada).
- « The threefold youth of a co-operative economy and lifelong education ». Pr. DES-ROCHE (France).
- « Thrift and credit cooperation as a means of education for to-day townsmen ». Fédération des Caisses de Crédit Mutuel de la Région Parisienne (France).
- « The Caisses Populaires and their activities among the youth ». Mr. GIRARDIN (Canada).

- « Co-operative finance in Japan ». Mr. HIDETOSHI (Japan).
- « Toward the establishment of an international co-operative bank ». Pr. HOYNDEN (Japan).
- « Credit cooperatives in relation to traditional banks other cooperatives ». Dr. KLAUHS (Austria).
- « Cooperatives as related to governments ». Dr. KLAUHS (Austria).
- « Raiffeisen credit cooperatives in Western Germany ». Dr. KLEINHANS (Western Germany).
- « Future and Youth ». Mr. LAMARCHE (Canada).
- « The role of credit co-operation in the present economic and social context, more particularly from the standpoint of the future and of youth ». Mr. LEHMANN (France).
- « Development of French Mutual Credit since 1966 ». Mr. LEHMANN (France).
- « A brief history of the co-operative movement in the Central African Republic ». Mr. MOKOSSO (Central African Republic).
- « Thrift and credit cooperation in the economy of french agriculture » — « Mutual farm credit ». Mr. de SAINT BASILE (France).
- « The contribution of the Raiffeisen organization to the development of agricultural co-operatives in developing countries ». Mr. SCHIFFGEN (Western Germany).
- « Youth and credit cooperatives ». Dr. SCHLENCK (Austria).
- « The evolution of cooperative credit in France from 1966 to 1969 ». Mr. SERRE (France).
- « The cooperative movement and the Federation des Caisses d'Economie du Québec ». Mr. SOUPRAS (Canada).
- « Credit and thrift cooperatives in relation to governments ». Pr. TANA (Italie).
- « Long term cooperative credit in India, its development and problems ». Mr. UDAYABHANSINHJI (India).
- « Cooperative credit for agriculture in India with special reference to short term ». Mr. UDAYABHANSINHJI (India).
- « Statment on thrift and credit cooperatives in India ». Mr. UDAYABHANSINHJI (India).

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FEDERATION DES CAISSES
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Danemarck

ARBEJDERNES LANDSBANK

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France

Les principaux Ministères s'étaient fait représenter, et notamment la Direction du Trésor ainsi que la Banque de France et les grands Etablissements de Crédit.

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GROUPEMENT REGIONAL DE LA
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M. de Robert.

Niger

INSTITUT DE RECHERCHE
ET D'APPLICATION DES METHODES
DE DEVELOPPEMENT
(Voir adresse France)
Délégué : M. Belloncle.

Nigéria

FEDERAL MINISTRY OF LABOUR
Lagos (Nigéria)
Délégués : MM. Ugowe Mahmudu,
Makenjuola.

COOPERATIVE UNION OF WESTERN
NEGERIA LTD

Cooperative Buildings, P.M.B. 5101, Ibadan
Délégués : MM. Ogunwale, Onagoruwa.

Pakistan Oriental

EAST PAKISTAN COOPERATIVE
UNION LTD

« Samabayasadan » 9-D Motigheel
Comercial Area, Dacca — 2, East Pakistan
(Pakistan)

Délégué : M. Huq.

Portugal

CENTRO DE ESTUDOS DE ECONOMIA
AGRADIA DU FUNDUCAO

Délégué : M. Barros.

Suisse

BANQUE CENTRALE COOPERATIVE
3, Aeschenplatz, 4000 Bâle
Délégué : M. Bleile.

INTERNATIONALE
GENOSSENSCHAFTSBANK — BALE
CH-4002 Basel, Dufourstr. 54
Délégué : M. Oppler.

Sénégal

MINISTERE DU DEVELOPPEMENT RURAL
Délégués : MM. Dia, Diop.

Uganda

UGANDA COOPERATIVE ALLIANCE
P.O. Box 2215 Kampala Uganda
Délégué : M. Orienkot

Zambie

Délégués : MM. Mwamba, Siyolwe.

SECRETARIAT : CREDIT COOPERATIF

Mme A.M. Robert assistée de Mme K.
François, Mlle M. Gallet, Mlle N.
Maurice.

HOTES D'HONNEUR — GUESTS OF HONOUR

- Canada : M. J.P. L'ALLIER, Ministre des Communications du Québec.
- France : M. Joseph FONTANET, Ministre du Travail, de l'Emploi et de la Population,
M. Jacques CHIRAC, Secrétaire d'Etat à l'Economie et aux Finances,
M. VELITCHKOVITCH, Secrétaire Général de la Marine Marchande,
M. DECHARTRE, Sous-secrétaire d'Etat au Travail.
- Inde : M. PAHADIA, Vice-ministre de l'Agriculture.
- Sénégal : M. Habib THIAM, Ministre du Développement rural représentant M. le
Président SENGHOR.
- U.S.A. : M. Orville FREEMAN, Gouverneur du Minnesota, ancien Secrétaire d'Etat à
l'Agriculture.
- Organisations Internationales :
- M. GOFFIN, Banque Internationale pour la Reconstruction et le Développement,
représentant M. MacNamara.
- M. Insfran GUERREROS, Organisation des Nations Unies pour l'Alimentation
et l'Agriculture. F.A.O.
- M. SOUMAILLE, Bureau International du Travail.

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12.30

Luncheon in Châteaudun.

3.00 p.m.

Leave for :

Blois (visit to the château) — Cheverny (visit to the château) — Chambord (visit to the château) — Refreshments will be served in a Village Inn. — Return to Paris via La Motte-Beuvron and Orleans.

9.00 p.m.

Coaches arrive back in Paris.