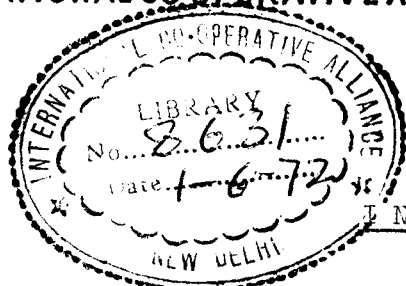


# Agricultural Co-operative

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W.1

INDEX 1967



*Pauley*

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Before 1961 the training of officials for cooperatives in Eastern Nigeria was undertaken at the Cooperative College at Ibadan, Western Nigeria. But in 1963, twenty-three Inspectors and Examiners were trained at the Cooperative College at Enugu, developed as an offshoot of the Institute of Administration. Courses and Seminars were attended in Israel and Denmark and at the International Cooperative Centre in the USA; but there was an unfortunate tendency for students who had been trained for service in the cooperative movement to go on to the University and to take up other work.

Between 1962 and 1964 the number of effective cooperative societies in Eastern Nigeria increased from 1,407 to 1,563, the number of members from 57,949 to 59,049 and capital from £1,282,000 to £1,484,000.

Most of these societies were credit societies of which there were 1,275 in April 1964 with 44,642 members. 108 tons of cocoa were sold by marketing societies in 1963-64, substantially less than two years earlier, as a result of lack of capital and stiff competition. There was also a decline in sales of palm oil to 4,135 tons in 1963-64, partly because of tough competition but also because of the expenditure of £20,000 on a new headquarters building.

On the other hand, the number of Farmers' Multi-purpose Cooperatives increased from 38 to 64. Their membership nearly doubled to 2,974 and their capital more than doubled to £50,000.

Mr. J. S. Pollock, Registrar of Cooperative Societies in Eastern Nigeria, resigned in May 1963 and was succeeded by Mr. S. N. Okpi, M.B.E., the first Nigerian to hold the office of Registrar of Cooperatives. Progress has been made in Eastern Nigeria in the last few years in spite of difficult conditions and the foundations laid in the years 1962 to 1964, especially by the foundation of the Cooperative College at Enugu, should bear fruit in the years to come. There have been set-backs, but these always have their lessons and are part of the price of progress.

#### UNITED KINGDOM

#### 'OVER THE GATE' - A CENTURY OF BRITISH AGRICULTURAL COOPERATION'

Agricultural cooperation was born a hundred years ago. Cooperation as a way of doing business was first started during the Hungry Forties, mainly in the form of consumer organisations for running grocery stores. These met with striking success, and one of their pioneers, Edward Owen Greening, and a few friends in Lancashire decided to establish a farmers' cooperative society primarily to buy requirements in bulk and to safeguard the quality of their fertilisers and other supplies.

That was in 1867. The society was quickly followed by others in many parts of the country. They were known as "truck" societies for the obvious reason that their members ordered their feeding stuffs and manures by the truck load, and then took their horse and cart to the local railway station to collect their goods.

Requirement societies led, in turn, to the formation of cooperative dairies for the manufacture of butter and specialist cheeses, such as Stilton. Others handled liquid milk. These were, in fact, the first efforts at cooperative marketing and specialist organisations were quickly established by local groups of producers to sell their eggs, fruit and vegetables, potatoes and grain. Many of the grain marketing societies, indeed, soon moved into the field of processing. Mills were purchased and substantial manufacture of animal feeding stuffs is now a vital part of the national cooperative movement.

Meat societies, first introduced for the sale of members' livestock, also began processing to a limited degree. And a wide variety of other services from the supply of oil to the spreading of slag were supplied as need was expressed by members of existing cooperatives - or new ones were established for specific purposes.

More recently, production cooperatives, or syndicates, have been introduced, mainly under the pioneering influence of Leslie Aylward in Hampshire. Within these syndicates of local farmers, the cost and use of machines are shared. Their scope is now being extended to include the collective employment of specialist labour, the erection of grain drying and storage facilities and even, in a few instances, the co-ordination of farm management on neighbouring holdings.

Perhaps the most remarkable aspect of a movement that has survived the fluctuations of a century of rapid economic and social change, is that it has adhered to the basic principles laid down by its founders. This would have been more readily understandable had cooperation been concerned solely with social or religious conditions. In fact, cooperatives are primarily commercial organisations, subject to all the economic pressures and competition in which other commercial concerns have to develop.

Not only have societies developed to a turnover of £200 million in England alone but, overseas, in nearly every country in the world, they have been copied and have progressed at an even faster rate. This loyalty to the cooperative philosophy proves the soundness and far-sightedness of the original pioneers. They may have been inspired by idealism but it failed to blind them to commercial realities.

This is one reason why the present celebration of the Agricultural Cooperative Centenary assumes so great an importance among farmers' leaders throughout the world. The other reason is that 1967 is only a milestone in cooperative history. Having proved that principles laid down a hundred years ago could be adapted to a wide range of services - buying, selling, and producing - in a variety of economic and social conditions in many parts of the world, it is a fair assumption that progress will be even faster in the future.

It is notable that cooperation has developed most rapidly in those countries where the economy depends on the export of agricultural produce, or where very difficult economic conditions have prevailed. Scandinavia is an obvious example, particularly during the periods after the two World Wars.

Overseas, therefore, in developing countries where it is essential that the tradition of individual subsistence farming be replaced by the national exchange of agricultural produce for industrial goods, cooperative marketing has a particular relevance.

And, at home, where farmers are preparing to combat rising costs and greater competition at the same time as they meet the challenge of reduced Government support and probable entry into the Common Market, the environment for more rapid cooperative growth would appear to be developing.

By 2067, production units will be very much greater and more specialised. Farmers' organisations are likely to be far more powerful and to be in control of a much higher percentage of agricultural trade. They will be involved in international agreements and may play a major part in providing a fairer distribution of world food. But, however they adapt their businesses, it is unlikely that they will stray far from the principles laid down a hundred years ago by a handful of men in Manchester.

Frank Jenn

#### U. S. A.

##### AUDIT SERVICES BY FARM COOPERATIVE

The Farmers' Grain Dealers Association of Iowa, USA, was founded in 1904 to market grain of agricultural cooperatives in the region. It acts on behalf of 342 grain cooperatives and also includes in its membership two dozen creamery, oil and telephone cooperatives. The latter have joined the F.G.D.A. because of the first-class audit service it provides for its members.

Ever since 1918 the Audit Department of the F.G.D.A. has been auditing the accounts of member cooperatives to the most exacting professional standards. It employs thirty field auditors, three book-keeping specialists and a full time tax consultant, and audits the accounts of about 250 cooperatives each year.

It also provides member cooperatives with detailed statistical reports which show trends of profitability and of margins in different fields which are of great value to member cooperatives. The Audit Department is shortly to install data processing equipment at its Des Moines headquarters which will enable it to provide an even better service to member cooperatives; and the Association is now providing scholarships to college students in accountancy as well as in marketing.

##### EXPORTS BY MARKETING COOPERATIVES

The February/March 1965 issue of 'News for Cooperative Farmers' gave examples of the way in which cooperatives in the USA were exporting substantial quantities of fruit. But exporting by cooperatives in the US is by no means confined to fruit.

For example, the Farmer Cooperative Service reports that cotton is exported on a substantial scale by Plains Cotton Marketing Cooperative of Lubbock, Texas, by Calcot Inc. of Bakersfield California, and by the Cotton Producers Association of Atlanta, Georgia.

The Arkansas Rice Growers' Cooperative Association and the Arkansas Grain Corporation export more than half their sales of rice and soya beans. Many co-



operatives export as much as 80 per cent of their grain and a number of large co-operatives ship through the Producers' Export Company of New York.

The Rockingham Poultry Marketing Association of Virginia, the Norbest Turkey Growers' Association of Utah and the Cotton Producers' Association all export substantial quantities of poultry. Land o' Lakes Creameries of Minnesota, Ocean Spray Cranberries of Massachusetts and the Florida Fruit Exchange of Tampa are all co-operatives with considerable export sales.

Mr. Raymond A. Ioanes of the Foreign Agricultural Service of the US said in an article that cooperative exports had been rising steadily in recent years and that cooperatives had been active in trade fairs, advertising and other promotional activities. Cooperatives contemplating breaking into export markets needed to know how prices compared, to know about local restrictions and regulations and to decide whether to export directly or through agents. The 59 agricultural attachés in various countries and the banks could often help exporters.

Mr. C. C. Warren, a poultry marketing expert, had recommended salesmen to take trouble with good pictures of their produce and with full details of the range and grades and examples of advertising material used in the home market. The first step, he said, was to write to the US agricultural attachés and arrange to see them on arrival in the country. Local prices had to be checked and qualities compared and local import duties and regulations had to be studied. Only when this had been done was it useful to talk to importers.

Mr. Warren had said that the importer should be quoted prices c.i.f. at his own port with the product packed and graded the way he wanted it. If necessary, an interpreter should be taken along. Until a connection was established, business was best done on a basis of letter of credit; and agricultural attachés would put the exporter in touch with shipping agents.

Mr. Ioanes said that some US cooperative exporters took a lot of trouble with market research and that many found trade fairs worth-while. Some had representatives abroad. Air transport offered important advantages to exporters of fruit and vegetables and jet freighters could carry 45 tons. The use of refrigerated containers for the export of perishables was increasing.

THE ROLE OF COOPERATION IN SOCIAL AND ECONOMIC  
DEVELOPMENT

International Co-operative Alliance

A complete account of the work of the Regional Conference held  
in Tokyo, Japan from the 19th to the 26th of April 1964

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# Agricultural Co-operative

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No. 2. February, 1967

## INTERNATIONAL

### REPORT INITIATED BY I.C.A. DISCUSSED AT THE ASIAN COOPERATIVE CONFERENCE

The 3rd Asian Agricultural Co-operative Conference was held in New Delhi at the end of January. Representatives of 21 countries were present at this Conference, of which a fuller account will be given in our next issue. Below are notes on one of the most important documents discussed at this Conference: South-East Asia Trade Survey by W. Eisenberg, from the C.W.S., England.

As a result of a conference in Tokyo in April 1964, on the role of cooperatives in social and economic development, it was decided that the I.C.A. should sponsor a study of the present scale and character of international trade in which cooperatives are involved, and the prospects of expanding it.

As a result Mr. Walter Eisenberg, of the Market Research Department of the Co-operative Wholesale Society of England, was asked to undertake a survey of international trading by cooperatives in South-East Asia.

His report "South-East Asia Trade Survey" will be published in two volumes during 1967. It gives a comprehensive account of the performance, problems and prospects of cooperatives in the area in international trade.

Four-fifths of the exports of the countries of South-East Asia are primary products - food and raw materials such as plantation crops and minerals. The proportion of manufactures in total exports is, however, increasing and is likely to increase further.

The exports of the region have been declining as a proportion of world exports, and more than half go to western Europe and the U.S.A. The continuing movement of the terms of trade against primary producers since the second world war has been more than enough to offset all aid by industrial countries to developing ones.

Imports and exports by cooperatives form a very small proportion of the total foreign trade by countries of the region; but in some countries, such as Australia, New Zealand and Japan, they handle a large proportion of the exports of certain commodities. In some countries cooperative marketing organisations export through government boards.

Agricultural cooperatives in New Zealand have been supplying consumers' societies in Britain with butter and cheese since 1921; and agricultural marketing cooperatives

in Thailand have recently been supplying the purchasing organisation of Japanese agricultural cooperative societies with substantial quantities of maize. Agricultural cooperatives obtain fuel oil and fertilisers from the ICPA, and the Japanese consumers' societies trade with the Russian Centrosoyus. But most foreign trade by cooperatives is inevitably with private traders.

Some cooperative marketing organisations, such as the Indian National Agricultural Cooperative Marketing Federation, and the All India Handloom Fabrics Marketing Cooperative Society, are engaged in exports but their turnover is small compared with that of private traders or their own domestic sales. Sometimes, as with bananas exported from Gujerat and Maharashtra, cooperatives enjoy an export monopoly. The Eisenberg Report gives many examples of successful exporting and makes suggestions about possible markets and sources of supply, but foreign trade by cooperatives in South-East Asia is nevertheless very limited.

This is partly because private traders are firmly entrenched, especially in trades such as tea, coffee and copra, but also partly because cooperative products are not always available at a competitive price and of a consistent quality and in sufficient volume. To meet these requirements cooperatives need to improve their performance, which means more effective management, market research, member loyalty, better stock and quality control, transport, training programmes, etc.

But cooperative performance does not depend only upon the effectiveness of cooperative officials, it also depends upon the success of the members of a marketing cooperative in producing the goods required and on governments creating conditions in which they can produce a sufficient volume of a consistent quality and at a competitive price.

Agricultural productivity, for example, may depend very much upon land reform and irrigation programmes or the development of communications to reduce freight charges. Illiteracy is widespread in South-East Asia, and does much to impede cooperative development. Although most governments in the region have done much to help the development of cooperatives both with finance and in other ways, they could often do more to encourage cooperative exports.

For example, both imports and exports are often controlled, but if quotas and licences are based upon past performance it is difficult for cooperatives to increase their share of foreign trade. Governments could do more than they do in the way of making cooperatives agents of state trading organisations. Export prospects are often better for processed products than for raw materials and some governments could do more to encourage cooperative processing. And finance is often a limiting factor.

Governments can help here and so can international organisations such as the International Cooperative Bank, the Asian Development Bank and the World Bank. But before finance can be expected from either governments or international organisations it is essential the exhaustive feasibility studies should be made by properly qualified people.

Well established consumers' and agricultural cooperatives in the west cannot be expected to help cooperatives in the region with finance or to buy from them if their products are not competitive. But what they can do is to provide technical assistance either by training cooperative officials or by making qualified specialists available to help with particular projects.

The I.C.A. could help with liaison and advisory work and by collecting and disseminating information. The new trade directory, the new appointment of an officer at the Regional Office in New Delhi for technical assistance and cooperative trade and the formation of a new Agricultural Sub-Committee for South-East Asia would all help to promote international trade by cooperatives. But Mr. Eisenberg thinks it would be premature to attempt to create any new international cooperative trading organisation until much more has been done to strengthen national and local cooperative organisations.

#### SEMINAR ON COOPERATIVE PROCESSING

A Seminar on "How to establish a Cooperative Processing Plant" was held at Bangalore, India, from December 5th to 20th, 1966, under the auspices of the International Cooperative Alliance and the National Cooperative Union of India.

Eleven delegates came from India and nine from the four other countries represented - Ceylon, Japan, the Philippines and Singapore. Representatives of the Cooperative League of the U.S.A., the Cooperative Institute of Management at Lahore, the ILO, ECAFE and the AARRO also attended the Seminar.

Although relatively few countries participated in the Seminar, the material presented was quite first class. Papers presented were frequently followed by case studies. One of the first was on the handling of feasibility studies determining the location of a plant and the scale of operations with a sugar mill as an example. Others were on the supply of raw materials, financial planning, marketing and recruitment and training.

Particular emphasis was laid on the way in which success had been achieved, as at the Sangli Cooperative Sugar Mill and at the Amul Cooperative Dairy, by modern methods of management, accountancy and project analysis. The importance of the break-even analysis in evaluating the costs of alternative policies was highlighted in a series of case studies. Experts from the Indian Institute of Management were particularly effective, and the experience of a factory in Singapore producing building materials was used as an example.

In some projects the marketing element had been neglected and the setting up of a plant had been subordinated to the employment problem and the need for the development of resources. If social considerations were sometimes given priority over economic ones, those cooperative processing plants which were economically successful made a tremendous contribution to community development.

The Japanese agricultural cooperatives had an impressive record in cooperative processing and a businesslike approach. In most countries finance came mainly from governments after feasibility studies had demonstrated that a project was economically sound; in Japan finance and technical know-how was sometimes obtained in cooperation with private industry.

Visits were paid to a private fruit processing plant in Bangalore, to the Mysore Cooperative Coffee Processing Society, to the Pandavapura Cooperative Sugar Factory, and to the Ryots Agricultural Produce Marketing Society.

Emphasis was laid on budgetary control, the control and classification of costs and the professionalisation of management. The main conclusion of the conference was that success depended upon a businesslike approach, modern systems of operational control and first class top management.

It was thought that the I.C.A. could do much to help the expansion of cooperative processing in South-East Asia by providing a link with aid giving organisations, representing the cooperative movement to these agencies, disseminating information about the kind of projects in which they were interested, and emphasising the need to develop skills which case studies had shown to be important.

#### CONFERENCE ON COOPERATIVE MARKETING

A Conference on cooperative marketing at New Delhi from January 15th to 21st, 1967, was attended by twelve delegates from Ceylon, India, Japan, Korea, Singapore, Thailand and the United Arab Republic; and the ILO, FAO, IFAP AARRO and the I.C.A. were also represented.

The delegates to this conference noted that while cooperative credit societies had been established in many of the countries of South-East Asia for more than fifty years, marketing cooperatives were a relatively recent development. While there were some outstanding, successful societies, progress on the whole had been poor in spite of substantial support from governments in loans and grants.

Among the many problems dealt with were priorities in operations, the administrative set up for policy making and controlling operations, management development programmes, and the area of responsibility and leadership and the role of general managers. Emphasis was placed on the need to pay the market price for good managers, and on the need to distinguish and define the different roles of the elected Committee of Management and the appointed General Manager.

The Conference also concerned itself with financial planning, the procurement of supplies for domestic and foreign trade, product improvement programmes, sales promotion and sales organisation, technical services and integration between primary, regional and national organisations.

It was recognised that marketing societies could do much to help their members produce the right kinds of produce in sufficient quantity, and at a competitive price. Traditional methods of processing could be useful when more sophisticated methods were not possible. Market research, consistent grading, attractive packing and effective advertising were important, but societies with limited resources had to be careful not to attempt more than they could achieve, and cooperatives needed to avoid sinking into long term projects funds needed for working capital.

Successful societies were an example to others, but widespread poverty, debt and illiteracy made it very difficult to get qualified people to organise primary societies in the villages. Member loyalty was often difficult to sustain as traders had their agents in the villages and had greater resources than many cooperatives. Producers were often indebted to landlords and money-lenders for sustenance in the slack season. In India some big concerns were entering the field of marketing and processing and also setting up extension services.

It was realised that land reform, irrigation and adequate communications could make an important difference to the prospects of a cooperative, and an effective credit society improved the chances of a marketing society becoming firmly established. In most countries of South-East Asia primary cooperatives were associated in secondary and sometimes national organisations, and mergers between small societies often helped to increase efficiency, but were not always popular with local officials. In Japan, where conditions were more propitious, marketing cooperatives had been more successful than in most other countries of South-East Asia.

## FRANCE

### UNIFICATION OF THE FRENCH AGRICULTURAL COOPERATIVE MOVEMENT

The French agricultural cooperative movement accomplished a complete unity two years ago. This was a great achievement which could serve a good example to many a cooperative movement. Below is a short account of this development as recorded from "Coopération Agricole", special number, 1966.

After the Liberation in the French cooperative movement, three different concepts for organising branches were emerging:

- Some (cereals, supply, fruit and vegetables) were in favour of national unions as the fundamental elements of the organisation of branches. They considered that the Union, while fulfilling its economic function, was in a position to undertake the task of representation and economic defence.
- The others chose the path of Federation, such as in the cases of wine and beetroots.
- Some others, such as the milk organisations, chose an intermediary position, a Federation assembling all the cooperatives of that branch, a Union grouping only those cooperatives who were feeling the need for a national economic machinery.

Those Unions and Federations joined together within the framework of La Fédération Nationale de la Coopération Agricole (F.N.C.A.).

Within such an Organisation, every branch formed a single unit, with the exception of the supply and the cereals sectors, in which two different groups had been formed, who were given the name of the street of their respective headquarters:

- the first one was based upon the Unions: one for the cereals, and the other one for the supply, and was called "Groupe Halévy"; now called "Groupe MacMahon".

- the second one was based upon some federations\* : one for cereals, one for supply, and was called "Groupe des Pyramides", now called "Groupe La Fayette".

There were attempts to unify, but these were unsuccessful. The latter group, considering they had not been granted their rightful place within the F.N.C.A., withdrew in 1950 in order to establish the Confédération Générale des Coopératives Agricoles (C.G.C.A.). Later on, this group set up in each branch two Unions plus one comprehensive Union. A few national specialised organisations (flax, beetroot, artificial insemination) while remaining with the F.N.C.A., also joined the C.G.C.A.

A number of rapprochement attempts only led, in 1960, to the creation of a liaison body, the Conseil National de la Coopération Agricole Française, who had only two members, the F.N.C.A. and the C.G.C.A. Unfortunately it remained nothing more than a mere organisation for coordination, lacking the necessary means.

However, little by little the desire to unite was gaining ground, while many cooperators were pressing for a re-grouping.

From the second half of 1964, reports and meetings were following each other, and finally, on 3rd February, 1965, the constitutive assembly of the Confédération Française de la Coopération Agricole (C.F.C.A.) met formally to establish officially the unity of the Agricultural Cooperative Movement.

## GERMANY

### FARM PROCESSING COMPANIES IN WURTEMBERG

The Agricultural Central Cooperative of Wurtemberg - WLZ - has been forming companies instead of cooperative societies to process the produce of its members.

The Agricultural Central Cooperative of Wurtemberg, which is affiliated to the national Raiffeisen organisation, has formed one company to produce preserves and deep frozen peas, beans and spinach; another to produce natural fruit juices from apples, pears and black currants; and a third for the slaughtering of cattle, calves and pigs and the marketing of the meat.

The first sold about 9 million kilogrammes in 1964-5 which were worth about DM 6,600,000. The second collected 16,000 tons of fruit in 1964 and had sales of DM 17,300,000. And the third bought about 290,000 cattle, calves and pigs from farmers and had sales in 1964 of DM 152,000,000.

Why should this agricultural cooperative have formed limited companies to process the food of its members instead of undertaking the processing itself or forming new cooperative societies?

One reason given by WLZ is that the shares of a company are transferable and not withdrawable so that there is no danger of working capital being insufficient as a result of withdrawals by members.

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\* At that time, the Order-in-Council governing such activities authorised the creation of one National Union only per branch of activity.



Another reason given is that the liability of the shareholders of a company is limited - unlike that of the members of a Raiffeisen cooperative. And it is also pointed out that with a company shareholders participate in the increase in the value of the assets of the enterprise which results from the ploughing back of earnings.

The initial capital of the processing companies was originally provided by WLZ, but shares were afterwards transferred to farmer members and issued to them in proportion to the value of their trade.

The pricing policies of the processing companies are such that the farmer shareholders obtain the benefits of cooperative marketing - better prices in the market mean better prices for farmers as suppliers rather than higher dividends for farmers as shareholders though it appears that there may be some increase in the dividends paid on shares following the ploughing back of earnings by the processing company.

Contracts are made between the processing companies and the farmer shareholders so that the factories get the kind of supplies they want. This helps to guarantee the farmer a fair price and to ensure that the supplies of the factory are maintained..

The frozen food company, Unterland Konserven und Tiefkühlkost AG, was founded in 1957; the natural fruit juice company, Naturella Südsaft AG, in 1961 and the cattle company, Wurt. Viehverwertung AG, in 1963. WLZ originally owned 51 per cent of the shares of the first two companies and 26 per cent of the shares of the third, but all are now virtually independent of the cooperative. The cattle company has several subsidiaries, wholly owned or with a controlling interest.

## YUGOSLAVIA

### COOPERATIVE MARKETING LINKED WITH MODERNISING FARMING

Contract farming, machinery and chemical services in production, long term marketing arrangements, comprising processing (wherever possible) have contributed to make the yields of basic Yugoslav crops - (wheat, maize, sugar beet) - raised on private cooperative farms 10 to 60 per cent higher than on farms which do not cooperate. Yields of about 60 per cent on farms which do not use cooperative services in production are lower by a third than the average yields on private farms. The remainder of 40 per cent of private farms are achieving considerably higher yields through services and guidance obtained from cooperatives and neighbouring state farms.

Cooperative and government policies, to achieve a higher production, are very much linked together. A special law on utilisation of farm lands, determining a minimum of obligatory agricultural techniques to be applied, was issued. The cooperatives are offering services to their members on the use of such techniques. In marketing, in addition to the freely formed prices there is also a system of guaranteed protective prices for food and a system of bonuses to the agricultural organisations for certain kinds of meat, milk and industrial crops. 'Risk funds', which the agricultural organisations set aside from their earnings during successful years, may be used during lean years. There are regulations enabling cooperatives, farms and industrial and commercial organisations to merge in order to set up industries or organise supplies of raw materials or market their products.

About 2,080 agricultural cooperatives serve 1 million holdings with about 1.5 million members engaging about 119,000 workers and other employees. These agricultural cooperatives either produce on their own land or organise production through the cooperation of private farms. The second activity is much more important because the private farmers still own about 80 per cent of all agricultural land and the cooperatives not more than a few per cent of the total. The relations between the members and the cooperatives is business-like: the producer who meets a minimum of standards set for supplies or use of services is accepted as a member. The relations between the cooperatives and the members are extremely versatile but, taking them as a whole, it is estimated that the agricultural cooperatives in various ways and to a varied degree, carry on cooperative business with about 90 per cent of the private farms. Moreover, the organised use of modern means in agriculture extends to about 33 per cent of all arable land in Yugoslavia. Three-quarters of livestock production is still concentrated on private farms, yet almost half of this is produced by various cooperative arrangements. It is significant that 72 per cent of the livestock sold from private farms are channelled through cooperatives.

The crucial point in the relations between private farms and their cooperatives is the transaction from periodical tractor services or sales of seed and chemical fertilisers to contracting the entire process of cultivation of various crops. At this stage the cooperative ceases to be only a service organisation to the farmer and becomes the organiser of production. The initial form of cooperation in this field was the guarantee of minimum yields to the farms by the cooperatives with their various services to the farmers. This was an expensive business for the cooperatives, and developed later into forms of joint production and distribution. Several other forms developed like the producer crediting of machine services, the contract purchase of produce, the consolidated "grain fields" for the purpose of economic use of machines, the long term lease of private plots, the reclamation of extended orchards, productive cooperation in vegetable growing, the rearing and fattening of livestock, etc. An important element of long term cooperation is the intensive investment of cooperative funds into individual farms.

By all these methods in production, marketing and processing, cooperatives have obtained from 20 per cent of the arable areas in private hands 45 per cent of the total wheat and 38 per cent of the total maize produced on private farms in Yugoslavia.



# Agricultural Co-operative

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W.1

No. 3. March, 1967

## INTERNATIONAL

### THE 3RD ASIAN AGRICULTURAL COOPERATIVE CONFERENCE

The 3rd Asian Agricultural Cooperative Conference, primarily concerned with the development of international trade between the cooperatives of Asia, was held at New Delhi from the 23rd to 28th January, 1967, under the Chairmanship of Professor D. R. Gadgil, President of the National Cooperative Union of India.

The following countries were represented at the Conference by delegates of co-operative movements and/or government departments in charge of cooperatives: Afghanistan, Australia, Cambodia, Ceylon, Czechoslovakia, India, Indonesia, Iran, Japan, Korea, Lebanon, Nepal, Singapore, Sweden, Syria, Thailand, U.A.R., U.K., U.S.A. and the U.S.S.R. In addition to this, representatives of the following inter-governmental and non-governmental organisations were present: AARRO, ECAFE, FAO, I.C.A., IFAP and ILO.

The Vice-President of India, Dr. Zakir Husain, was unable to open the conference owing to indisposition but his inaugural address was read for him by Shri S. D. Misra, Indian Deputy Minister of Food, Agriculture, Community Development and Cooperation. The delegates were then welcomed by Mr. Brahm Perakash, General Secretary of the National Cooperative Union of India, Dr. S. K. Saxena, Director of the I.C.A. Regional Office for South-East Asia, and Shri Krishnan Chand, Secretary General of the Afro-Asian Rural Reconstruction Organisation. These three organisations were joint sponsors of the conference.

In his presidential address Professor Gadgil analysed the problems of expanding international trade between developing countries as distinct from that between them and industrialised countries. Dr. Malfettani, Chairman of the I.C.A. Agricultural Committee, declared that cooperation was a great international ideal, true and valid in all the countries of the world, uniting the peoples of every continent. But the principles of cooperation were applied in many different ways and the task of uniting the world's agricultural cooperatives was a formidable one.

The meeting of the family of Asian co-operators for the third time would bring an exchange of ideas which would help to promote the exchange of products and also strengthen solidarity. Dr. Malfettani went on to emphasise the vital contribution of agricultural cooperatives to the problem of increasing world food production and the importance of cooperative processing. He welcomed the formation of the Agricultural Committee's new Sub-Committee for South-East Asia.

Messages to the conference from the Prime Minister of India, from the Indian Minister of Cooperation, from the President of the I.C.A. were read by Shri P. Bose,

joint secretary of the NCUI. After contributions from the representatives of international organisations and participating countries, the conference broke up into three sub-committees, dealing with organisation and finance, with cooperative trade operations and with cooperative trade potentialities.

In its report the first sub-committee emphasised that international trade between cooperatives could only expand through the strengthening of cooperative organisations and the expansion of domestic cooperative trade, a point also emphasised by the third sub-committee. The second sub-committee made good use of the I.C.A.'s recently completed Trade Survey of South-East Asia. The reports of the three sub-committees were generally accepted by a plenary session on the final day of the conference. Many speakers dealt with different aspects of the same problems and the main recommendations approved by the conference are summarised below:

International trade by agricultural cooperative organisations may be looked upon as an extension of the internal trade carried on by them. Thus, the setting up of a marketing organisation on the national level is the pre-condition for the successful undertaking of international trade.

Where a large variety of types or organisations of agricultural marketing and supply cooperatives is operating, these activities should be pooled at the national as well as at the international level. The pooling of resources and expertise can also facilitate international trade between the consumer and producer organisations in various countries.

Until the need for a regional Asian foreign trade organisation for cooperatives is explored, the active international agencies like the I.C.A. Regional Office, ECAFE, FAO, etc., may be used for the necessary commercial intelligence and other services.

Marketing cooperatives at all levels will have to strengthen their funds by various means. There is a great need for properly trained and experienced personnel, and they have to be trained at the national level. The quality of commodities being of utmost importance in international trade, steps for introducing higher standards of quality control need to be taken.

The business relations between apex and primary cooperatives should be on consignment basis as well as in the form of outright purchases. Long term arrangements with farmers should be introduced through primary cooperatives for the steady procurement of exportable commodities.

Cooperatives in one country should act as agents for cooperatives in other countries wherever possible. The national marketing organisations should, in addition to normal ways of assessing of exportable surpluses, seek advice from expert bodies in this field, covering techniques of processing and packing, and the exploration of prospective markets.

The Eisenberg report pointed out that trade has been conducted between cooperatives in the following commodities: apples, peas, bananas, citrus fruit, coconut products, coffee, palm oil, consumer goods, cotton and cotton manufactures, dairy products, domestic and industrial appliances and machines, dry fruits, eggs, fertilisers, fish products, etc.

Cooperative organisations should explore these and other fields of trade, and a meeting of managers of cooperative business federations in the Asian region should be called.

The Government should assist cooperatives by providing funds for the extension of their business activities in foreign trade, especially by supplying capital for the setting up of export orientated processing units. Foreign trade should be liberalised in order to increase supplies of equipment and requisites, and to help market research, the holding of conferences, the carrying through of sales promotion activities, etc. Cooperatives should be allowed to enter into barter transactions and be given permission to import agricultural requirements based on the value of their exports. Governments should channel their foreign trade in agricultural commodities and requisites through cooperatives to an increasing extent. They should offer monopoly and semi-monopoly rights in certain commodities and certain areas to cooperatives. Priority should be given to measures which help the producers of agricultural commodities to reduce costs and raise productivity.

The more developed cooperative movements should assist cooperative movements in the developing countries to set up export orientated industries as well as to set up industries for the manufacture of fertilisers, agricultural machinery and other things needed by farmers. They should also provide experts for conducting feasibility studies, and should enter into long term agreements with cooperatives in developing countries. Well established cooperative movements should, in addition, offer training facilities to the staff of cooperatives in developing countries.

The existing international agencies like the I.C.A. Regional Office, ECAFE, ILO, AARRO and IFAP may use their good offices to promote mutual contacts between different national cooperative agencies. The I.C.A. Regional Office has already set up a small Division to deal with international trade which will be strengthened if necessary. The South-East Asian Sub-Committee of the I.C.A. Agricultural Committee should also help in the matter. They should seek to influence the Governments of industrial countries towards liberalising imports from developing countries and to increase the assistance to those countries. They should provide advisory services for developing countries in the field of international trade, with the aim of creating a clearing house of information. Such a clearing house should be maintained by the I.C.A. Regional Office.

The I.C.A. Regional Office may make necessary arrangements for providing training for managerial personnel in collaboration with the advanced cooperative movements in developed countries which are experienced in the field.

The international agencies engaged in market research might extend their assistance to the cooperative agencies in the developing countries.

### FREEDOM FROM HUNGER CAMPAIGN

During the last few years the Freedom From Hunger Campaign has collected nearly half a million dollars' worth of supplies, but the world food situation is deteriorating and at a meeting last year it was decided that the aim should be to collect two hundred million dollars' worth a year.

The campaign is being stepped up, and the Advisory Committee of Non-Governmental Organisations participating in it is holding its eighth meeting at the FAO Headquarters in Rome, in May 1967, in order to plan the next stages of the campaign. Four proposals for action are being put forward by the FAO.

In the first place, it will be necessary to study and publicise the Indicative World Plan for Agricultural Development proposed at the First World Food Congress in 1963, and due to be presented by the FAO at the Second World Food Congress in the second half of 1968. It will indicate what is necessary for food production to keep pace with population growth. Public opinion needs to be prepared to appreciate the significance of the plan so that support for its proposals can be built up.

Secondly, immediate steps are needed to increase rapidly and substantially the supplies of food available in the near future by providing more and better seeds, fertilisers, tools, irrigation equipment, processing plants, etc., and better technical education for producers. Wider training programmes will also be needed and the waste of food must be reduced to a minimum.

In the third place more young people must be involved in the campaign by an intensification of the Young World Appeal and by programmes which will bring more young people into development programmes.

And finally, there must be a massive educational programme to support the Second World Food Congress and the Indicative World Plan, immediate programmes for greater food production, and the greater involvement of the young in this vital campaign.

### WORLD BANK LOAN TO TRINIDAD AND TOBAGO

The World Bank has approved a loan equivalent to \$5 million to the Government of Trinidad and Tobago for the first stage of an agricultural land settlement scheme.

In addition the Canadian government would lend \$470,000 towards the cost of imports of cattle under the scheme, while Trinidad and Tobago's contribution would be \$3,840,000.

Experts of the Cooperative Programme helped the Government to prepare the project and assisted in its appraisal. It aims at developing some 4,800 hectares of government-owned land, known as Crown Lands, into some 1,800 farms specialised in dairying, pig-breeding, and in such crops as tobacco, vegetables, and citrus. The project is

considered to be the main feature of a programme aimed at diversifying production and increasing output. It should also provide new employment opportunities and speed up the creation of food processing industries.

The project outline includes public works in the area, and imports of about 4,000 head of dairy cattle. Pig-slaughtering and processing plants, a centre for processing and distributing fresh milk, marketing units and a machinery pool are also planned.

The government, in agreement with the Bank, is appointing an expert from FAO as project manager, and he will be assisted by about 30 others.

The scheme is to last four years and to cost the equivalent of \$11.4 million. Farmers and private traders will meet investment costs not covered by the Bank and Canadian loans or the government contribution.

Although only a little over a third of the land is suitable for agriculture in the islands, there is considerable scope for increased agricultural production, mainly by the utilisation of about 100,000 acres of government-owned land that appear suitable for development, and by improving marketing and credit arrangements. The Crown Lands settlement scheme now to be undertaken with Bank assistance should achieve a significant increase in agricultural output and serve as a demonstration for further development as well.

## ITALY

### CATTLE FARMING BY COOPERATIVES IN ITALY

Italy is a country in which there are many small family farms often of from two to ten hectares in area. Many small Italian farmers have been finding in recent years that they can produce milk and meat more efficiently by joining together to form cooperatives for the care of cattle and the marketing of the dairy products or meat which fodder is supplied by the family farms forming the cooperative.

These cattle cooperatives were first developed in the Alpine region of Friuli but attained a considerably larger size in the Po valley, particularly in Reggio Emilia and Modena. By the beginning of 1967 there were plans for setting up cattle cooperatives in many parts of Italy.

In the Po valley groups of small farmers agreeing to form a cooperative will often sell the cattle they have and join together to buy special high quality cattle for the cooperative. They assign additional land to the production of fodder crops and three quarters of the land of the members of the cooperative may be used in this way. As much as half the land devoted to fodder by agreement between the members may be sown with a mixture of grasses, small grains and annual legumes which is found to have two or three times the energy value of perennial fodder crops.

The cattle are often kept in open housing. Milking in modern cowsheds may take only half as long as on family farms, and the automatic transfer of milk to the storage room for refrigeration and the automatic cleaning of the piping system and milking room brings substantial economies. On the Massenzatico cooperative in Reggio Emilia

seven men care for the 200 cows in milk and the 500 other cattle, and average production in the second year of operation was 3,800 litres per cow compared with the average for the region of 2,700 litres.

The work in the cowsheds is done by hired labour. The members of the cooperative, or members of their families, may do the work, but it is paid for separately. The trading surplus made by the cooperative and available for distribution is distributed to members in proportion to the weight and energy value of fodder supplied. Solid and liquid manure from the cowsheds is also distributed according to fodder supplied. The relative energy value of different crops and the whole cropping programme is agreed by the members of the cooperatives.

The Italian cattle cooperatives often consist of from twenty to sixty farms united to form a single enterprise of at least 100 hectares engaged in fodder production under a well defined procedure. The farms remain in their original ownership, but the cooperative form of organisation has resulted in substantial saving of labour and time, and the number of cattle cooperatives in Italy seems likely to grow.

## THAILAND

### COOPERATION IN THAILAND

Thailand has a population of some 30 millions, increasing at a rate of about 3 per cent a year. Most of the farmers own their land but many are poor and in debt. Commercial banks lend to moneylenders in the villages at 25 or 30 per cent, and they in turn lend to farmers at 60 or 80 per cent.

Cooperatives are based on legislation in 1916, 1928, and 1934, some of it derived from Indian legislation. Raiffaisen cooperative credit societies were first established in 1916, and at the end of 1963 there were 9,931 such societies while the total number of cooperatives was 10,756. These cooperative credit societies are financed with the help of the Bank for Cooperatives, which has a capital of about 145 million US dollars, and is supported by the government.

The cooperative credit societies make loans to their members at 10 per cent but they only meet 8 per cent of the needs of the farming community, while government loans only meet 2 per cent of those needs. Most farmers have to depend on moneylenders and the banks.

In 1958 some new Productive Credit Societies were established with US help, and with limited liability. The first, at Pakchong, had 384 members in March 1964. Three more of these larger societies were established in 1960, 1962 and 1963. Credit is also provided by land improvement societies, hire purchase societies and land settlement societies which are in the charge of the Department of Cooperation.

Rice is exported by the Thai Rice Company, established by cooperatives in association with the government. Four members of the board of eleven are appointed by the Department of Cooperatives.

A salt cooperative exports salt from its own wharf. There are two fishery marketing societies, eight societies marketing field crops and 22 raising and marketing livestock.



The cooperative movement in Thailand is very dependent on government support, and is regarded by many as a government institution. Members have few shares and do not understand their responsibilities.

The funds of credit societies are often inadequate so that members are forced to go to moneylenders. Illiteracy is a problem and unlimited liability tends to exclude poorer farmers.

Cooperative progress has not been as fast as had been hoped and there is tough competition from private traders. Relatively little rice is exported through co-operatives and when it is, farmers receive but a small part of the export price.

### U.S.A.

#### FEEDER PIG MARKETING COOPERATIVE FOR SMALL FARMERS

The Wisconsin State set up a project for a feedlot growing and marketing cooperative. This is the first organisation of this kind in the United States, and its participants will be mainly low income farmers.

The project was initiated by the Cooperative League of the U.S.A., Chicago, the Wisconsin Association of Cooperatives, Madison, and the Wisconsin Feeder Pig Cooperative, Francis Creek. These sponsors were assisted by the University of Wisconsin, the Agricultural Extension Service, and the Farmers Home Administration.

At first the cooperative will operate in 13 northern Wisconsin counties, but the plan provides for its expansion into all of northern Wisconsin, northern Minnesota and the Upper Peninsula of Michigan. Once the feeder pig programme is in operation, the cooperative also can assist farmers in the production of feeder lambs, and beef from young dairy animals. The project is expected to add \$3 to \$5 million per year to the gross income of farmers in the area.

Farmers who join the cooperative will agree to supervised production of feeder pigs under approved conditions of sanitation, feeding, and management. They will keep sows, grow their pigs to about 40 pounds, and then sell them to feeders, mainly in other areas, who specialise in fattening hogs - to market weight - usually 200 to 225 pounds. The cooperative will do all the marketing for its members, receiving 25 cents per head for this service.





# Agricultural Co-operative

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W-1

No. 4. April, 1967

## INTERNATIONAL

### 18TH MEETING OF THE AGRICULTURAL EXECUTIVE OF THE I.C.A.

The 18th Meeting of the Agricultural Executive was held in Rome on the 19th March, 1967. The main questions discussed were strengthening the membership of the Agricultural Committee and the work of the Committee between Congresses.

The Committee consists of 38 delegates, representing 32 organisations from 22 countries. In 1966 there were 24 organisations represented from 18 countries, and in 1963 the corresponding number both of organisations and countries was 12.

In spite of growing membership, the problem of the Committee still remains to increase its membership, especially among the strong agricultural movements in Europe and North and South America. The formation of a provisional Agricultural Sub-Committee for South-East Asia will contribute to the work in the area, and the strengthening of the membership in this part of the world.

The most important items of work between Congresses emerged from the 7th Agricultural Conference in Vienna, September last year. Those were: promotion of agricultural cooperative processing, agricultural cooperative finance at international level, and the follow-up of commodity conferences among cooperative movements. On the occasion of a longer visit of the Agricultural Secretary to South-East Asia, ways and means were discussed how to contribute to the follow-up of the 3rd Asian Agricultural Cooperative Conference, dealing with international trade, which was held in New Delhi in January of this year.

### 1ST MEETING OF THE FISHERIES EXECUTIVE OF THE I.C.A.

The 1st Meeting of the Fisheries Executive was held in Rome on the 21st March, 1967, and was attended by an observer from the FAO. The present membership of the Fisheries Sub-Committee was approved, comprising 10 representatives from Canada, Ceylon, Eire, France, Italy, Japan and Poland. The main preoccupation of the Sub-Committee is to collect basic data on the position of fishermen's cooperatives throughout the world, the possible supplies of equipment from cooperatives in developed countries to those in developing countries, and the needs of the fishermen's cooperatives in the latter countries. An FAO proposal of an outline of a manual on marketing and supply fishermen's cooperatives was discussed; it should be worked out in cooperation with the FAO. Based on a report of the Agricultural Secretary, ways and means were explored how to assist fishermen's cooperatives in South-East Asia in projects and skills.

INTERNATIONAL CONFERENCE ON COOPERATIVES PROPOSED

BY U.S. SECRETARY FOR AGRICULTURE

At the Conference on the 5th Anniversary of the Humphrey Amendment to the Foreign Assistance Act of 1961, the U.S. Secretary of Agriculture, Orville L. Freeman, suggested the possibility of a privately sponsored international conference concerning the question of dealing with international co-operatives as one of the ways to help raise living standards, and remove the danger of world famine. Below are extracts from the Secretary's address concerning this conference:

"It occurs to me that - without pausing in our efforts to use cooperatives, credit unions, and other private, voluntary organisations to help people overseas live better lives - this fifth anniversary of the Humphrey Amendment is an appropriate time to assess our progress thus far.

"But such an assessment, I would think really should include the views of the domestic leaders of these self-help ventures - the leaders of the new cooperatives in Africa, Latin America, and South-East Asia. And it should include the views of others, who, just as we, are engaged in technical assistance to these developing nations - the leaders of cooperatives in Sweden, Denmark, Switzerland, the Netherlands and Japan.

"I suggest the possibility of an international conference to explore fully, and assess fairly, the efforts to raise the living standards of two billion people overseas through private, voluntary organisations modeled after the credit unions, co-operatives, and savings and loan associations of our own and other developed nations.

"This anniversary is an appropriate time to look forward to such a session."

THE COMMON MARKET ORGANISATION FOR AGRICULTURAL COOPERATIVES

Several hundreds of representatives of the agricultural cooperatives from the Common Market countries met in Brussels in February of this year, under the sponsorship of the COGECA

(Comité Général de la Coopération Agricole des pays de la Communauté Economique Européenne). The following few lines are devoted to explaining the role of this organisation:

Besides the consumer cooperatives the agricultural cooperatives of the Common Market have also a set up in Brussels for helping their common interests with the Common Market authorities. This is the COGECA. It was established in 1959, and the members are: The Belgian Boerenbond; the Deutscher Raiffeisenverband; two French Organisations, the Fédération Nationale de la Coopération Agricole and the Confédération Générale des Coopératives Agricoles; the Federazione Italiana dei Consorzi Agrari; and the Dutch Nationale Cooperatieve Raad. The cooperatives from Luxembourg are not yet included, because they have not reached agreement about the organisation which will be their common representative.

The main tasks of the COGECA are first representation of the agricultural cooperatives in and before the bodies and offices of the Community, and second the carrying through of the research in the economic, social, technical, judicial and other fields in the interests of their members. This research should help the fostering of their interests and assist the adaptation of the agricultural cooperatives to the new circumstances of the Common Market and help their development. One of the duties of the COGECA is the cooperation in Copa (Comité des organisations professionnelles agricoles des pays de la Communauté Economique Européenne). Copa is the general body representing the interests of agriculture within the scope of the E.E.C.

COGECA is concerned with preserving the cooperative interests within the framework of the general agricultural policy of the Common Market. The Executive Committee of the COGECA is comprised of five persons representing the respective countries. There is a series of special committees for various fields, as for example, for milk and milk products, grain, livestock and meat, feeding stuffs, seeds, fertilisers, etc. In addition to this, there are working groups which explore various economic problems such as agricultural subsidies, tax policies, etc.

In Brussels COGECA and Copa have established a common secretariat which makes the coordination of the work easier. COGECA and Copa exert their influence mainly in the official special committees for individual agricultural commodities, which give advice to the E.E.C. Commission in questions of agricultural marketing. The delegates of COGECA and Copa represent in these committees half of the total delegates, the other half is composed of representatives of industry, commerce, employees and consumers. In this way COGECA and Copa contribute to the shaping of the agricultural and marketing policies of the E.E.C. countries.

COGECA and Copa's most important contribution has been the harmonisation of the sales tax for agricultural products in the countries of the Common Market.

### CANADA

#### COURSE IN FISHERMEN'S COOPERATIVES IN CANADA

18 countries with 30 students from Africa, Asia and the Caribbean will be represented at a course in fishermen's cooperatives in Canada sponsored by the External Aid Office in association with cooperative and educational organisations in Canada. The fisheries course which commences on the 10th April, will be conducted in three phases. At Western Cooperative College there will be 12 weeks of instruction in

cooperative principles, philosophy and practices, with special attention being given to general managerial functions.

The students will then go to Memorial University of Newfoundland, St. John's for six weeks. Here the emphasis will be on organising and promoting cooperatives, particularly fisheries cooperatives.

Finally the students will spend six weeks at the College of Fisheries of Newfoundland, St. John's, where they will study modern methods of fishing and the operation of storage, packing and marketing facilities.

### 900,000 FARMERS OWN IT

The Saskatchewan Wheat Pool was formed 42 years ago, with a simple but fundamental purpose: To improve the living standards of Saskatchewan farm families.

The Pool, as reported in the Maritime Cooperator of February 15th, 1967, is still primarily a grain handling organisation. But it is also in the livestock business; it manufactures flour and processes oil seeds, it operates a printing establishment and publishes a weekly newspaper, it distributes a growing list of supplies essential to the farmer in his production programme. But, above all, it is a respected and vigorous spokesman for farmers in matters which concern their economic, social and, at times, cultural well-being.

At its birth, the Pool challenged a well-entrenched, time-honoured marketing system. It rejected as totally wrong the speculative futures market as a means of moving an essential food commodity from producers to consumers. It sought to substitute in its stead a cooperative marketing system which rendered to both the consumer and the producer "his just economies and profits". Moreover, it was the intention of the Pool's founder that the producers themselves should own and control the marketing machinery. This was a radical idea, by any definition of the word, and The Establishment in the market place fought back with all the weapons at its command.

### Set Marketing System

It is a tribute to the vision of the founders of the Pools in each of the three Prairie provinces that the marketing system they pioneered is today established policy of the people of Canada through the Canadian Wheat Board marketing system. The Pool is the largest primary grain handling organisation - certainly in North America - and probably anywhere outside some of the state trading agencies. It takes delivery of about 54 per cent of all the grain grown in Saskatchewan through 1,170 country elevators. These elevators have a storage capacity for 90 million bushels of grain. Deliveries to Saskatchewan Pool in 1965/66 were 238 million bushels.

The grain is moved forward toward its ultimate destination through eight Pool terminals at the Lakehead and one in Vancouver. The farmer-members of the Pool are investing \$21 million in a new 5,300 bushel terminal at Vancouver because they believe Canada needs more export capacity in the Pacific marketing region to maintain the nation's position as a wheat exporter.

All Pool terminals last year handled a record 204 million bushels of grain.

## Farm Supplies

The Farm Service Department of the elevator system was set up in 1963 to handle fertiliser, farm chemicals, twine and other production goods. It has expanded into a broad range of farm supplies and added sections to assemble and distribute pedigreed cereal and forage seed.

Volume of sales in 1965/66 was more than \$7,800,000. It is now believed that the Pool's farm service department is the largest single retailer of farm chemicals in Canada. Saskatchewan Pool, along with the Alberta Wheat Pool and Federated Cooperatives, has gone into production in fertiliser in a fully modern, wholly integrated manufacturing plant in Calgary. Investment by farmer owners in the western Cooperative Fertilisers Limited is in excess of \$20 million.

## Livestock Marketing

The Pool's livestock division holds the principal place in Saskatchewan livestock marketing. It operates five of its own livestock marketing yards and has agencies on the remaining three markets operated by others. It sells more than 58 per cent of all the cattle and calves going to market in the province. And it supports market prices in emergency conditions by pooling cattle delivered by producers and finding other markets for them.

Its flour mill at Saskatchewan has a capacity of 4,000 hundredweight of flour daily. The Pool mill has pioneered a number of export markets overseas and it is the chief supplier of Coop flour to regional cooperatives across Canada.

The vegetable oil extraction plant can process 100 tons of oil seeds per day. It has supported much of the research that has made rapeseed a recognised edible oil. The farmer-owned weekly newspaper, The Western Producer, goes into nearly 150,000 farm homes, most of them in the four western provinces.

## 90,000 Farmers

In recent years, about 72,000 farmers have earned patronage refunds or credits with the Pool through use of its grain, livestock or farm service facilities. Total number of farmers in the province is about 90,000. Shareholders are represented by 162 delegates elected every two years. More than 10,000 members serve on local shareholders' committees forming a close liaison between the membership and the elected delegates, directors and officers of the organisation.

The Pool was founded to help farmers improve the standards of living enjoyed by their families. In the process of achieving this goal, farmers have found there is much they can do to help themselves through the application of cooperative principles.

They are in the process of building a distribution system for farm supplies and production goods to help cut the costs of things they need to run their farms. They have embarked on manufacturing projects.

This willingness on the part of members to commit themselves and their substance to the task of building a great cooperative service keeps Saskatchewan Wheat Pool a vigorous aggressive farm organisation after 42 years.

## IRAN

### COOPERATIVES AND LAND REFORM

Agricultural cooperatives have made striking progress in Iran since the Shah began to allow farmers on his estates to buy their land by instalments in 1952, and particularly since the Land Reform Law of 1962 land distribution on a national scale was started seriously.

When the Shah began to distribute land to the farmers on his own estates, he set up the Bank Omran to help the formation of credit cooperatives. By May 1965 there were 255 societies with 11,119 members, and the societies make loans of up to \$ U.S. 250 or so, six times as much as those made by other credit cooperatives. The Bank Omran plans to develop new purchase and marketing cooperatives which will trade on a cash basis.

The Land Reform laws of 1962 redistributed the land of landlords owning two or more villages and laid down that only people who were members of a cooperative in the same village were eligible for land. There were many applications from farmers to join cooperatives and during the three and a half years after the Land Reform became law some 4,420 cooperatives were formed with 386,000 members.

At first, these societies were formed with the help of the Agricultural Credit Bank, but after about a thousand had been formed the programme was transferred to a new agency, the Central Organisations For Rural Cooperatives, or CORC, in the summer of 1963. By September 1965 there were 5,380 primary cooperatives on the register with 700,000 members and share capital worth 8 million U.S. dollars. Fifteen to twenty-five local cooperatives joined to form county federations and these county federations in their turn formed provincial ones.

When the Central Organisation for Rural Cooperatives was founded the Government of Iran took up shares worth one million U.S. dollars and three directors were appointed by the government. CORC's supervisors guide county and provincial cooperative federations on credit, purchasing and marketing activities, and the organisation also undertakes education and training and auditing. It is hoped that ultimately the county and provincial federations will be able to buy the shares in CORC held by the government and elect its directors so that the organisation will become a fully democratic body.

Provincial and county federations approve loans to primary cooperatives of up to \$ U.S. 6,650 and \$ U.S. 4,000, and larger loans are approved by CORC's credit department in Teheran. Primary cooperatives may make initial loans to members of up to five times the value of their shareholding, as may federations to primary societies. The standard loan limit is raised to ten times their shareholding for members who have delivered produce to a cooperative and to fifteen for federations which have an export contract and sometimes loans may be as much as thirty times shareholdings. Loans may be in cash but it is more usual for a cooperative to advance seed, fertiliser, insecticide and other supplies on credit. Primary cooperatives charge interest at 6 per cent, whereas moneylenders charge 18 to 30 per cent. The Iranian National Petroleum Company distributes low price kerosene and other petroleum products to farmers through cooperatives.



The Rudbaraki Cooperative in the Caspian Sea sold rice to the amount of \$ U.S. 133,000 from the 1964 harvest and refunded \$ U.S. 70,000 to members. In 1964 also the Shiraz federation marketed 50,000 tons of wheat at 10 U.S. cents per kilo, a price 15 per cent higher than the harvest time market price; and the members at the next annual meeting decided to allocate funds to build a modern warehouse and office. In the same year the Isfahan Federation sold 100 tons of dried peas to the Iranian Army at competitive prices but paid members more than they could get locally. Federations in Azerbaijan have exported 400 tons of raisins. Some cooperatives have drilled deep tube wells and installed pumps for irrigation but CORC's resources are limited and at present there are not nearly as many wells as needed, but progress is slowly being made through self-help and teaching.





# Agricultural Co-operative

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W-1

No. 5. May, 1967

## INTERNATIONAL

### COOPERATIVE DEVELOPMENT AND FREEDOM FROM HUNGER CAMPAIGN

The 8th Session of the Advisory Committee of Non-Governmental Organisations participating in the Freedom From Hunger Campaign (FFHC) was held at FAO Headquarters in Rome from the 10th to 12th May, 1967. The I.C.A. was represented by the Chairman of the Agricultural Committee, and by the Agricultural Secretary. The main theme of this Session was the next stage of the Freedom From Hunger Campaign. The following groups of activities were discussed: 1. Programme to publicise the Indicative World Plan for Agriculture, and to promote study and understanding of its aim and purpose; 2. Programme to increase with maximum speed the immediate availability of food; 3. Programme to increase the involvement of young people, i.e. intensify the Young World Appeal; 4. Programme of education geared to the above mentioned activities of the Freedom From Hunger Campaign; 5. The work and future work of the Advisory Committee itself. We are giving below extracts of some of the FFHC programmes where cooperatives are involved:

#### Cattle Feed Plant at Anand Cooperative Dairy - India

The cattle feed plant of the Kaira District Cooperative Milk Producers' Union Ltd., was inaugurated by the late Prime Minister Shastri in October 1964, and is at present producing 160 to 180 tons of cattle food a day, most of which is distributed to dairy farmers through village cooperatives.

The project was established with the help of Freedom From Hunger Campaign funds, and in its first year had saved farmers three million rupees, nearly enough to cover the entire cost of the plant.

It was established as an ancillary to the dairy which has been collecting milk from six hundred village cooperatives in the area around Anand for the last 21 years. The dairy has also received help from the Freedom From Hunger Campaign funds and its turnover has increased from about £1½ million in 1962/63 to about £5 million in 1966/67. We reported about the activities of the dairy in our issue No. 11, November 1965.

The cattle feed plant is to play a key role in the cattle development programme of the Anand dairy. The task of the programme is to double the production of milk with the present number of buffaloes.

Three hundred trained extension workers in the villages provide veterinary first aid and artificial insemination services free of charge. In four years the acreage

under alfafa has been increased from 60 acres to 10,000 acres. The dairy owes much of its success to the initiative of its President, Mr. J. K. Batal, and to the enlightened management of Dr. V. Kurien who is also head of the National Dairy Development Board.

Agricultural Production and Productivity Service Cooperative Union Ltd.

This cooperative has been functioning unofficially in Anand since 1964, but was formally registered in 1966. The first directors were appointed for three years by the government, and include the Director of the Agriculture Institute, Anand, the Dean of the College of Agriculture and the District Agricultural Officer. The Director in charge is Mr. P. H. Bhatt who is also Manager of the Kaira District Cooperative Milk Producers Union Ltd., Anand. All directors are unpaid.

The cooperative has about 300 farmer members, nine field workers and a technical officer. One of its projects is the control of pests and diseases in 3,000 acres of sour lime orchards in the Kaira district in Gujarat, with the help of U.S. \$38,000 from international funds.

At present some 6,000 trees are being pruned and sprayed under contract - including treatment for gumosis and white ants. Yields have been increased from 30 to 120 kilogrammes per tree. It is planned to treat 15,000 trees in the first two years of the project and 30,000 during the next two years, that is a sixth of the 180,000 trees in the district.

Another project of the cooperative is to clear pests from grain and houses in the Kaira district with the help of the Central Food Technological Research Institute of Mysore. It is proposed to treat 30,000 tons of grain in the villages and in storehouses in the first year, and thereby save about 3,000 tons from destruction by Khapra beetles, cockroaches, mites, rodents and other pests. Treatment will be by bait, by fumigation, by the fumigation of sacks and by the spraying of houses. The project will cost \$20,000 from Freedom From Hunger Campaign resources, for equipment and chemicals, and \$12,000 from internal sources, but the cooperative will eventually operate the service on a self-supporting basis.

The cooperative also has a hundred acres devoted to the production of hybrid maize and bajra seed, organises night study camps, and serves the community in other ways.

### New Rice Mills in Madras State

Rice is grown on six hundred thousand hectares in the Thanjavur district of Madras, some of the land carrying two rice crops in a year. 1,600,000 tons was produced in 1965, more than enough to meet the needs of the three and a quarter million people. A part of the crop is normally exported to other parts of India, sometimes as much as a third.

It is estimated, however, that 10 per cent of the crops is lost as a result of infestation by insects, rodents and birds, and that the loss could be reduced to 2 per cent if the paddy was properly dried, stored and processed.

Much of the storing and processing of rice in the area is primitive, but a modern rice mill by Schule of Hamburg was erected in 1965 at Thiruvarur by the Thanjavur Cooperative Marketing Federation, with the help of the Government of India. It can handle 25,000 tons of paddy a year and produces this quantity of paddy from 1,175 more tons of rice than traditional mills.

Four new modern rice mills, also with a capacity of four tons an hour, are to be built in the district with the help of funds from the Freedom From Hunger Campaign. Each of the four new mills will have 3,600 tons of paddy drying and storage capacity, and each will have associated with it two ancillary drying and storage centres at cooperative marketing assembly points, each centre having a capacity of 2,000 tons. A ninth community drying and storage centre will be built to serve the existing mill at Thiruvarur.

The drying and storage will be by an improved process and the whole project will cost Freedom From Hunger Campaign funds \$US 1,554,000. The Thanjavur Cooperative Marketing Federation will need to find the equivalent of \$622,000, and construction will take three years.

### Grain Storage at Khanna in the Punjab

Two thirds of the grain produced in India is stored in rural areas. In the Khanna district wheat is sown in November and harvested in May, and maize is planted in June and harvested in October. Losses of wheat as a result of infestation by insects and rodents during storage in the monsoon period in July and August may lead to losses of 20 per cent, and losses of maize in storage may also be severe.

In the 1965/66 season the Khanna Cooperative Marketing Society handled 8,000 tons of wheat and maize. Under a Freedom From Hunger Campaign project silos are to be built in Khanna for the storage of 9,000 tons of wheat in metal bins equipped with mechanical handling and aeration facilities. Some of the bins will have a capacity of 250 tons and others will be larger.

It is estimated that losses in storage will be reduced to 3 per cent as a result of the provision of modern equipment. The project will cost the FAO U.S. \$302,000, and will cost the Khanna Cooperative Marketing Society \$59,000.

### Grain Storage and Pulse Processing in Uttar Pradesh

The Hathrar Cooperative Marketing Society in the Aligarh district of Uttar Pradesh handles 4,000 tons of grain, pulses and oil seeds annually and plans to increase this to 6,000 tons. It is also installing facilities for processing pulses.

Under a Freedom From Hunger Campaign project two silos with a storage capacity of 400 tons and six with a capacity of 200 tons each are to be built at Hathrar. The reinforced concrete bins will be provided with facilities for mechanical handling and aeration. Storage facilities are also to be built in certain villages. It is hoped that storage losses will be reduced to less than 5 per cent. The project will cost the FAO \$147,000, and the Hathrar Cooperative Marketing Society the equivalent of \$32,000.

### Fishing Cooperatives in Burundi

About 10,000 tons of fish a year are caught in the state of Burundi in Central Africa, mostly the small Ndagala fish and mostly from the waters of Lake Tanganyika.

It is planned to increase production by about 40 per cent over a three year period under a project being sponsored by the government with bilateral aid from abroad and with a contribution of \$82,700 from the funds of the Freedom From Hunger Campaign.

This increase in production is to be achieved by the formation of cooperatives to catch, process and market the fish. Motorised fishing craft and improved fishing gear are already being supplied under the bilateral aid programme, and are estimated to be worth \$14,000.

Five new fishing centres are to be created, on Lake Tanganyika over the three year period and one on the northern lakes. In addition, three cooperative marketing centres are to be established in the interior of the country so that the people will be able to obtain fish at a reasonable price and to get more protein in their diet. The whole project will be organised by an FAO fishery expert and people from Burundi will be trained abroad to help run the cooperatives when they are fully established at the end of the three year period.

## AUSTRALIA

### AGRICULTURAL EXPERTS FOR INDIA?

At the conference of the Australian Cooperative Federation last April, Mr. Irwin Hunter, marketing manager of Westralian Farmers' Cooperative Ltd., said that Australian cooperative organisations should provide technical men and a pilot farm in countries such as India in order to aid their development.

Mr. Hunter represented the Australian Cooperative Federation at the Third Asian Agricultural Cooperative Conference held in New Delhi in January, and suggested at the Australian conference that cooperative organisations in Australia could send two experts to India, one an agronomist and one specialising in stock husbandry, on an exchange basis. He thought that the International Cooperative Alliance could be used as a clearing house for a constant exchange of information on production, processing, marketing and the training of staff.

UNITED KINGDOM

FINANCE FOR AGRICULTURAL COOPERATIVES

At the beginning of May the Agricultural Cooperative Association published a report on "The Financial Structure of British Agricultural Cooperatives", which advocated the setting up of an Agricultural Cooperative Finance Corporation to help the development of agricultural cooperatives and the provision of long term finance for agriculture.

The turnover of British agricultural cooperatives has been increasing much faster than membership or share capital. Bonus retention has declined during the credit squeeze and bank and trade borrowing has been increasing. But trade credit is getting tighter while marketing societies are finding that supermarkets want long credit. Farmers are increasingly seeking capital as well as credit from their cooperatives and there is considerable doubt whether societies will be able to find sufficient finance from traditional sources.

Agricultural cooperatives in Britain are expected to increase their purchases by 40 per cent at current prices between 1965 and 1970, and to increase their sales by 59 per cent. Their assets stood at £38.4 million in 1965, and were increasing at the rate of 13.9 per cent a year, and could reach £72.6 million by 1970. Investment is increasing as a proportion of turnover and money is being spent on hanger type buildings, seed cleaning plant, silos, grain dryers, machinery and vehicles, particularly those equipped for bulk handling. There could be a capital gap of £10 million by 1970, and one of £19 million by 1975.

The report contrasts the absence of specialised organisations in Britain to help finance agricultural cooperatives with the development of such institutions in most European countries. In European credit societies and cooperative or agricultural banks help to finance agricultural cooperatives, and interest rates are sometimes subsidised. In the U.S.A. agricultural cooperatives have achieved a turnover of £5,000 million because the government provided capital for special banks.

In Britain, on the other hand, capital for agriculture has traditionally been provided by the joint stock banks and by the Agricultural Mortgage Corporation. In 1957 the Agricultural Finance Federation was set up by the agricultural cooperatives, and the Cooperative Wholesale Society (CWS), but its resources are limited and the outstanding loans of the mortgage corporation only amount to £71 million. There is an urgent need for long term capital on a scale which can only be provided by a new institution.

The report recommends that an Agricultural Cooperative Finance Corporation should be set up along lines similar to the Industrial and Commercial Finance Corporation established by the Bank of England, in association with the clearing banks, insurance companies and investment trusts, in 1945.

It considers that a finance corporation along the lines of the Industrial and Commercial Finance Corporation would be preferable to an agricultural or cooperative bank of the kind that has developed on the continent and preferable too to the banks

for agricultural cooperatives of the kind that operate in the U.S.A. The authors of the report do not believe that the British Government would be willing to subsidise an agricultural cooperative banking system, but consider that it might be willing to support a finance corporation. They also point out that in Britain cooperatives are able to obtain short term finance from the commercial banking system, and that the development of other savings institutions in Britain has made it unlikely that a new system of rural savings banks would make much progress.

The report, which was prepared by the Maxwell Stamp Associates, says that the new Central Council for Agricultural and Horticultural Cooperation will have up to £1 $\frac{1}{2}$  million a year available for cooperative development, but that these funds will be needed to help launch new cooperatives rather than to provide established ones with additional share capital.

It proposes that the government should provide £10 million to establish the Agricultural Cooperative Finance Corporation and that it should, to begin with, hold most of the shares. It would also provide guarantees which would enable the corporation to raise substantial amounts of debenture capital in the market. Though agricultural cooperatives would only contribute nominal amounts for share capital at the beginning, they would later be able to acquire a considerable part of the share capital of the corporation from the government.

The report does not discuss what kind of voice, if any, the corporation would have in the affairs of the agricultural cooperatives in which it held shares. In as much as the original finance would be provided by the government and would be later acquired by agricultural cooperatives, the proposed corporation would be similar to the American system of banks for agricultural cooperatives, rather than to the Industrial and Commercial Finance Corporation. The shares in the latter organisation are not held by the government or by the companies it helps to finance but by the banks and institutions.

The report proposes that the Agricultural Cooperative Finance Corporation should make long term finance available to agricultural cooperatives by taking up their shares, thus making it easier for them to raise loan capital from other sources. In addition it would provide a guarantee fund to help societies with demands from members for the repayment of shares. It would also provide agricultural cooperatives with financial advice and technical assistance.

The report also suggests that it should have the power to impose a levy on members comparable to that possessed by agricultural marketing boards in Britain, and that agricultural cooperatives should be helped by being allowed to pay tax on the same basis as building societies in Britain - that is without interest on shares being liable to personal income tax.





# Agricultural Co-operative

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W.1

No. 6. June, 1967

INTERNATIONAL

## 4TH WORLD CONGRESS FOR AGRICULTURAL CREDIT

The 4th World Congress for Agricultural Credit organised by the International Cooperation of Agricultural Credit, was held in Zurich from the 15th to 18th May, 1967. Forty seven countries were present from all continents, with about 600 delegates. Among them there were many representatives of agricultural cooperative banks and cooperative credit institutions. In addition to this there were 12 international organisations represented, including FAO, The World Bank, OECD, EEC, IFAP, CEA and the I.C.A.

The Chairman of the Conference was Monsieur A. Cramois, France. The most important reports presented at this Conference were: 1. The Monetary and Financial Basis Regarding the Development of Agriculture (Prof. G. Dell'Amore, Italy); 2. The Special Position of Agricultural Credit in the Economy of Credit and the Reasons for it (Dr. G. Noell, Germany); 3. The Rural Exodus and its Economic and Social Consequences (M. le Sénateur P. Driant, France); 4. Agricultural Credit in the Developing Countries (M. H. Belkhodja, Tunisia); 5. Economic and Financial Background of International Trade with Agricultural Products (Dr. Ph. C. M. Van Campen, Netherlands); 6. Financing the Changing Structure of Agriculture in the United States and the Resulting Debt Situation of Farmers (M. R. B. Tootell, U.S.A.).

Besides this, delegates of all countries represented delivered short communications and papers concerning their own problems. From the cooperative point of view it is interesting to mention the report of H. Belkhodja. He stated that the main obstacle to the setting up of cooperatives in developing countries was illiteracy, lack of knowledge of economic problems and of fundamental elements of credit; poverty, insecurity, indebtedness, etc. However, in spite of all these obstacles, cooperatives have been introduced in developing countries because they represent one of the best pre-conditions for agricultural credit.

The I.C.A. was represented at this Congress by the Agricultural Secretary who made a statement on the international aspects of agricultural credit. He said that an expansion of cooperative marketing and processing in developing countries was important in many ways, and particularly because it helped to provide farmers with the capital and credit they needed to increase and diversify agricultural production.

The recent FAO report "Agricultural Credit Through Cooperatives and Other Institutions" recommended for developing countries the integration of cooperative credit with the development of supply and marketing cooperatives, and also international collaboration in the systematic and comprehensive training of cooperative staff.

A Joint Secretariat had been set up by the FAO and the World Bank in 1965, to help with feasibility studies in agricultural development, and regional offices had been opened by the World Bank in Asia and Africa. The OECD and the Inter-American Bank were also taking an interest in agricultural expansion in developing countries. In these countries cooperatives inevitably played an important part in making capital and credit available to the farmer. They functioned as an integrating factor in the modernisation of agriculture, and played an important part in improving methods of production as well as in marketing and processing. Thus, cooperatives, as business units and as entrepreneurs, should be financed as well as the individual farmer.

Agriculture, he said, was also in need of additional capital in industrialised countries, because of adverse terms of trade for agricultural prices in relation to industrial prices and because of structural changes on farms. Manufacturing interests and retail chains were themselves going into farming, and farmers needed finance to improve their farms.

He mentioned that all this led to the discussion of the setting up of a European Agricultural Cooperative Bank; and it was recalled that the ILO Conference in June 1966 had asked member countries to consider the establishment of an international cooperative banking system to help finance the development of cooperatives in association with other international organisations.

At the end of its Congress the CICA made a summary of its proceedings. In this summary it explained the importance of agriculture in the world today, and the role which credit plays in strengthening the position of farmers. It pointed to the special lines of agriculture which governments and credit institutions should help to improve.

Special attention was drawn to the agricultural credit institutions in order that they adjust their work to the development of agriculture. This is characterised by, the transition to bigger units, a reduction in the number of households, the steady replacement of manpower through continuing capital development, by the rising indebtedness of agriculture and by a more intensive integration of agriculture in the national economy. In order to fulfill their main task of financing farms effectively, agricultural credit institutions should supply producers with economically feasible credits to contribute to the better structure of farms. Further, these institutions should contribute in the financing of agriculture and the rural economy by means of credits to agricultural processing units and food industry and

marketing organisations. They should also contribute to the economic and social betterment of rural areas, and expand credit business with persons and institutions concerned with agriculture.

In view of the trend for agriculture to be integrated into other parts of the economy in developed countries, the Congress established that credit in these countries should also take care of the needs of industries outside the scope of agriculture. In order to fulfil this task, these institutions should strengthen their financial position, increase the saving of capital from all sources, and adjust these to the most modern technical banking methods in order to match the needs of the clients.

It was noted with satisfaction that within the scope of CICA a Permanent Commission was created to express the views of African institutions on agricultural credit matters.

#### WORLD BANK CREDITS FOR AGRICULTURE AND COOPERATIVES

The International Bank for Reconstruction and Development (IBRD) often called the World Bank, continues to widen the pattern of its operations together with its affiliated organisations the International Development Association (IDA) and the International Finance Corporation (IFC).

In recent months more credits have been given for agriculture. So far one thousand million dollars has been invested by the Bank group in agricultural projects. At the present time about 30 more projects involving 350 million dollars of Bank or IDA financing are in the process of appraisal or negotiation. About 50 others are in various stages of preparation. They include schemes for agricultural credit, farm roads, irrigation, cooperative farming, land clearance, livestock production and plantation development.

An event of particular interest to cooperatives since the five million dollar loan to Tanzania (Agricultural Cooperative Bulletin No. 2. 1966) is that the IBRD and the IDA have made available to Tunisia funds totalling 18 million dollars, which will help to finance a cooperative farming project and to carry out the Tunisian programme of land reform.

#### LATIN AMERICA

##### MEETING OF LATIN AMERICAN COOPERATORS

Topical problems concerning cooperative movements in Latin America especially cooperative doctrine and education, finance and by-laws of the Organisation of the Cooperatives of America, and cooperative legislation and the role of the State in cooperative development were discussed in Vina del Mar, Chile, in April of this year. 290 delegates and 100 visitors from 11 countries of Central and South America, Canada, France, and Israel, Spain, the United Kingdom and the U.S.A. were present.

Bringing greetings to the assembly in its opening session, Mr. W. G. Alexander, Director of the International Co-operative Alliance, stated that a major contribution

towards the solution of both world problems of hunger and peace is being made by co-operatives of all types today in every continent and in every political and economic area. He expressed the pleasure of the Alliance at the close and fruitful working relationship that is developing between the regional and international agencies, OCA and I.C.A.

Discussion of the best means of achieving integration of cooperative operations both internationally and between sectors was stimulated by papers delivered by John Ames of Kooperativa Förbundet, Stockholm, and Henri Deroche of the Centre de Recherches Coopératives, Paris. The assembly agreed to a resolution proposing that the OCA should provide technical assistance and demonstrate more adequate structural alignments and operational methods by means of pilot projects.

Another major area of interest was a full report on the activity of the Inter-American Society for the Development of Cooperative Finance which grew out of earlier discussions held in Bogota and Montevideo. The society's objectives are to promote and support national cooperative financial institutions; strengthen integration within the movement and encourage the development of cooperatives in areas where none now exist.

While congratulating the delegates on developments in several countries to date, Stanley Dreyer, President of the Cooperative League of the U.S.A., pointed out the weakness of depending on government funds for financing and the necessity of impressing on national governments the need for strong cooperative finance institutions in the various countries. Closer collaboration with the credit union movements in the Latin American countries and membership in the European Cooperative Bank are being sought. It is felt that the latter move would help the society to gain access to the international money market.

A seminar on cooperative insurance held the second morning was addressed by Dr. Juan B. Aponte, actuarial consultant to the Cooperative Life Insurance of Puerto Rico, and Robert Vanderbeek, president of the League Life Insurance Company, Detroit. Dr. Aponte stressed the social function of insurance both in providing needed protection and in developing reserves as a means of serving the community. He stated that insurance cooperatives can start on a small scale through the instrumentality of reinsurance, and enter more complicated fields at a later stage.

By-law changes approved by the assembly were based on the concept of greater integration among cooperatives; on the expansion of the OCA central office and on increased administrative facilities; and great importance was assigned to the role of the consultative committees set up in each member country to advise the Administrative Council of the OCA.

General resolutions passed during the closing session dealt among other things with the following matters: 1. A statement to be delivered to the meeting of Latin American Presidents held in Punta del Este, Uruguay, during the week of April 10th to bring cooperative enterprise to their attention as an important instrument in their effort to improve the lot of their people. 2. A request that the International Co-operative Alliance admit the OCA to membership. 3. Strengthening the technical work of the Alliance for progress.

## AUSTRIA

### COOPERATIVE FACTORY CONTRIBUTES TO INCREASED ANIMAL FEEDING STUFFS CONSUMPTION

In the last ten years the production of mixed animal feeding stuffs has increased  $4\frac{1}{2}$  times in Austria. This has been the result of structural changes taking place in the livestock production, but it is also due to the modernisation in feeding stuffs production, and in feeding methods on Austrian farms. The total production of feeding stuffs in 1966 was 218,000 tons, and it has been mostly used for poultry and pigs.

The Commodity Board of Austrian Unions of Agricultural Cooperatives (WOV) has made a substantial contribution to this progress by setting up several important feeding stuffs mills and acquiring a dominant position on the feeding stuffs market in Austria. Among the plants under the control of this Board, the most important is the plant in Pöchlarn.

In 1953 WOV started installing in their 10,000 ton grain elevator at Pöchlarn a mixed provender plant, taking up production based on modern principles one and a half years later. At the beginning, operations were modest, but soon development became more and more rapid. Today, WOV mixed provender is a working-stock that farming family units especially can no longer afford to do without. Quality and reasonable prices of products, besides assisting and further rationalising farmsteads, were the bases for an annual turnover rising by 26 per cent on average during the first ten years.

It is quite remarkable to note in this connection that initially the federal provinces Burgenland, Lower Austria, Upper Austria, Salzburg and Tirol were supplied from Pöchlarn. After installing a new plant in Linz and assigning western supply regions to the latter one, the WOV mixed provender plant of Pöchlarn has done business exclusively with Lower Austria and Burgenland since 1963. The far-sighted management of WOV decided to construct a new large scale plant at a time when a third of the sales was handed over to the Linz plant. The new plant was constructed in 1965.

All raw materials are stocked in bulk, and production itself is extensively automatic. The output per hour is 25 tons, and can be boosted to 50 tons when the project is finished. To achieve this, a complex system of electrical power supply is required. The wiring for this, to control and supply equipment within the plant, would equal in length the distance from Pöchlarn to Vienna - about 100 kilometres.

This new plant was assigned the task of providing fodder stock of high quality and low price to the farmers of Lower Austria and Burgenland. This would represent an effective addition to staple fodder produced by the individual farmsteads. For this purpose raw materials, especially albuminous raw materials and grain, are imported direct from world markets overseas via ports in the North Sea, the Mediterranean and the Black Sea, or via rail and waterway traffic to Pöchlarn. Unloading, stocking, processing and mixing is done in the most rational manner. The individual fodder types contain vitamins, minerals and additives, so as to ensure the best use of the national animal stock, and all endeavours are made to improve the quality of meat, eggs, milk and dairy products by appropriate foddering. The entire production of rich fodder is under the permanent control of plant operated laboratories. This ranges from the reception of the raw materials to the shipment of the finished WOV mixed provender. All types have been proved by practical foddering tests.

The results of the world-wide scientific research are currently evaluated, and thus the WOV mixed provender plant is a strong bridge spanning the distance from the recent scientific knowledge to the smallest farming unit, assisting the latter to make its animal production fit for the European market.

The plant in Pöchlarn is not only an important business organisation, but has also become a centre for training and know-how in the area, because leaders and executives in livestock are visiting the plant and are being briefed about the latest methods of feeding stuffs production in use.

## GERMANY

### AMALGAMATION OF AGRICULTURAL CREDIT COOPERATIVES AND "PEOPLE'S BANKS" IN GERMANY?

For some years the merger of German credit cooperatives has been going on, and this has led to a reduction of about 10 per cent in the number of cooperative banks in Germany.

The "Economist" of the 9th March, 1967 reports that it was agreed between the Raiffeisenverband and the Schulze Delitsch cooperative organisation in Germany to discuss the opportunity of merging the credit institutions of these two organisations serving the small man. There are 750 "People's Banks", credit institutions of the Producers' and Artisans' Cooperatives, with an average asset of about two million pounds, and 9,250 agricultural cooperatives with an average asset of about 200,000 pounds. Compared with this the Savings Banks have got an average asset of 11 million pounds.

The "Economist" says that in both cooperative groups banking activities are coupled with trading. The farmers credit cooperatives buy seeds, fertilisers and machinery and, which is more important, market their members' crops. Special industrial cooperatives bulk-buy goods and raw materials for their members.

The Raiffeisen group is hoping for a complete merger of the banking and non-banking activities. The industrial cooperatives, however, are more inclined towards a banking merger only.

## ITALY

### REPORT OF AN INCREASE IN AGRICULTURAL CREDIT

The organ of the Lega Nazionale delle Cooperative e Mutue, Italy, "La Cooperazione Italiana", of the 18th May, reports a slight increase in the granting of credits compared with the previous year, and a pre-eminence in the agricultural sector. The Cooperative Credit Section (which is attached to the Banca del Lavoro) granted credits amounting to 22.598 million lire in 1966, compared with 22.173 million lire in 1965. Agricultural cooperatives had a share of 77.5 per cent, Workers' Productive and Artisanal cooperatives a share of 18.2 per cent, Consumer cooperatives had a share of 3 per cent, and other 1.2 per cent. The agricultural sector, therefore, has a pre-eminent part in the activity of the section. The credits granted to agricultural cooperatives were distributed in operational categories as follows: 90 per cent to housing loans; 6 per cent to plants (installations) and the remaining 4 per cent to machinery and animals.

77 per cent of the credits granted in 1966 went to cooperation in Northern Italy, 10 per cent to cooperation in Central Italy and 5 per cent to cooperation in Southern Italy and Sicily, and the remaining 7 per cent to cooperation in Sardinia.

Investments for the year ended the 31st December, 1966 were of 27.535 million lire compared with the previous year's figures of 24.971 million lire for the same period - an increase of 9 per cent. The distribution of these investments were as follows: 9.524 million lire - exchange loans; 7.959 million lire - c/c loans; 10.052 million lire - mortgage loans.

The economic results of the financial year ending 1966 were 272.4 million lire. Of this amount 17.02 million to the participating institutes - i.e. 3.5 per cent; 159.25 million to the State.

The increase of ordinary reserves reached 904.3 million. The total amount of constituted and disposable reserves increased to 1.885,3 million. For the year ended 1966, financial help for the section, apart from the Donation Fund, was received from: 5.849 million - Agricultural Revolving Fund; 66.9 million - Fisheries Revolving Fund; 11.799 million - Banca Nazionale del Lavoro.

#### UNITED KINGDOM

#### ACA DISCUSSES EUROPEAN COOPERATION AT ITS CENTENARY

At the Conference held in May in London, on the occasion of the Centenary of the English Agricultural Cooperative Association (ACA) and sponsored by the ACA and the Plunkett Foundation for Cooperative Studies, three topical questions were raised: cooperative integration, cooperative finance, and the legal form of cooperatives. All these addresses dealt with agricultural cooperation in Europe.

In his paper on "Cooperative Integration" Monsieur E. H. Thomas, Director General of the National Centre for Agricultural Cooperation in France, defines "semi-integration" as one of the fundamental elements in the growth strategy of large firms. In the short term semi-integration brings with it innovations favouring the spread of technical progress and encouraging growth. In the long run and overall, however, it increases the farmer's risks. From the report it looks as though the only alternative to semi-integration for small farmers is the cooperative form of association among producers. In the severe struggle which lies ahead, cooperation has itself to change; it must elaborate its policies, mobilise its human and material resources, reform its structure, plan its future and establish or strengthen its commercial resources. It must also reaffirm its principles which today lead it to differentiate its forms of undertaking according to the agricultural circles for which it acts. It must be at once the instrument of the most advanced, but also remain at the service of all in order to assure, as far as possible, the economic, social and human advance of the general body of farmers.

In his address on "Cooperative Finance" the Hon. A. Maxwell Stamp observed that with the re-appraisal of agricultural policy following an application by the United Kingdom to join the E.E.C., there would be also a re-appraisal of agricultural finance. This was his belief, and it was based on the comprehensive survey which his organisation has recently completed on cooperative finance in Britain and in Europe (see Agricultural Cooperative Bulletin No. 5).

In delivering his paper on the "Legal Form of Cooperatives" Professor Schultz of the Technische Hochschule Darmstadt, Germany, referred to the basically similar economic problems but different legal traditions of countries in Western Europe. The European cooperatives were private law associations with different organisational aspects; these differences were often important. In Norway and Denmark, for instance, the organisation was left to private initiative. Whereas in Germany and Austria, it had been laid down in some detail. The U.K. Industrial and Provident Societies Act provided a framework but allowed wide variations within it. Thus, there could be no comparison, certainly no ascription of merit, as between the legislation of different countries. Professor Schultz then discussed the inter-relation of cooperative aims and the legislation to enable their fulfilment. Some of these aims are neutral, and apply to all business organisations. Others are specifically cooperative. There is a possibility of conflict here, because it is a specific cooperative function to make economies for the members rather than profit for shareholders. A distinction can be made between those organisational elements which are neutral and those which are specific in purpose and they have to be brought into balance. If the purpose-specific elements are allowed to dominate, the viability of the cooperative may be frustrated. Moreover, there are historical changes in the view taken of certain elements, such as managerial responsibility and capital contribution. Professor Schultz cites examples of the tendency towards weakening of the influence of the ordinary membership of cooperatives, from both Germany and the U.K., and concludes with the reminder that legal provisions can make appropriate conditions for co-operatives to work, but the spirit of cooperation must come from elsewhere.





# Agricultural Cooperative

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W.1

No. 7. July, 1967

## INTERNATIONAL

### WORLD BANK CREDITS GIANT COOPERATIVE SCHEME IN TUNISIA

The World Bank and its affiliate, the International Development Association (IDA), in a joint operation are providing the equivalent of 18 million dollars to assist in financing a cooperative farming project in Tunisia, (as reported in our Bulletin No. 6., 1967). The Bank loan that has been approved will amount to 12 million dollars, and the IDA credit 6 million dollars. Both the Bank loan and the IDA credit will be made to the Republic of Tunisia. The Bank loan will be for a term of 18 years, and the IDA credit will be for a term of 50 years. The proceeds of the Bank loan and the IDA credit will be re-lent to cooperatives for terms averaging 13 years. They will assist the Tunisian Government in carrying out its land reform programme under which traditional subsistence small-holdings are being merged into good quality land owned by the Government, to form large productive cooperative units. This system should raise production to much higher levels, and thereby increase the supply of food for domestic consumption, expand agricultural export earnings, and increase the income of Tunisian farmers.

Cooperative farming in Tunisia was started in 1961, and there are now 213 cooperatives on about 457,000 acres of land. The Government intends to extend this system of land use as rapidly as possible, and over the next ten years plans to establish cooperatives on about 2,460,000 acres in northern Tunisia (about 17 per cent of the total agricultural land in Tunisia), the north being the most productive zone, and having the best system of communications.

The project being assisted by World Bank and IDA credits is part of the Government's ten year programme for the expansion of cooperative farming, and an important element in the country's 1965-68 development plan. It provides for the establishment of 160 new cooperatives on about 2,470 acres of land each, over an area of 395,000 acres, the consolidation of the 213 existing cooperatives, and the provision of additional farm machinery and agricultural equipment to maintain productivity on state farms in the project area, which cover some 741,300 acres, and will eventually be absorbed into the cooperative movement.

The major crops in the cooperatives will be hard and soft wheat, and olives. These will be supplemented by forage crops and the raising of livestock. The large output of forages under the new cropping system will make available ample supplies of suitable food for improved animal production, and the livestock production will be implemented by the establishment on cooperatives of small herds which will serve as the nucleus for milk production and/or the fattening of sheep and cattle. Tunisia

now imports large quantities of meat and dairy products, and domestic output should reduce these expenditures. Tree crops, including olives, almonds, citrus and other fruits, will be grown on selected areas of some cooperatives, and vegetables will be grown where suitable.

The successful operation of the cooperatives will depend greatly on organisation, management and supervision, and the Government has taken steps to help them in this. Over-all policy control for the cooperatives will be vested in a new National Commission for Agricultural Cooperation, representing at a high level all major interested ministries and organisations. The execution of the policy will be the responsibility of a new management unit, the Bureau of Control. The Banque Nationale Agricole will act as financial agent for the Commission and the Government.

The project should be completed in four years, at a total cost estimated at 32.6 million dollars. Government grants will cover the cost of social services, and development costs will be covered by loans from the Banque Nationale Agricole from funds derived from the Government and from the Bank loan and IDA credit.

## WORLD COMMODITY PROBLEMS

### HOW TO EXPAND EXPORTS OF SHRIMPS?

Many fishermen's cooperatives operate in an area of still untapped shrimp and prawn resources. On the other hand, in the great industrialised urban areas there is a resurging demand for this type of fish and the traditional zones of supply have been exhausted. A recent General Agreement on Trades and Tariffs (GATT) study can be used as a suitable guide for cooperatives which want to embark on this trade venture: "Major Markets for Shrimp and Prawns in Western Europe", GATT Information and Library Services, Villa le Bocage, Palais des Nations, 1211 Geneva 10. On request copies will be supplied free of charge to government institutions and bona fide traders in developing countries, (English, French and Spanish).

Consumption of shrimps and prawns is increasing, due mainly to modern methods of canning and freezing, and therefore markets for these products are expanding.

The GATT study analyses the market conditions and reports on distribution, merchandising and consumer preference in the European markets. It draws attention to the importance of identifying and stimulating demand in high-income markets in Europe as a necessary pre-requisite for realising the export potential which many developing countries have.

Particular information is provided on the following aspects of the market:

1. Background notes on different shrimp and prawn species of major commercial significance and the salient features of the overall shrimp situation in the United States;
2. Recent trends and developments in production, consumption and trade of shrimps and prawns;
3. Trade restrictions, quality standards, health requirements and distribution channels in four major Western European markets - France, the United Kingdom, the Federal Republic of Germany and Switzerland.

The study comments on the far reaching changes that have occurred and are taking place in the food processing and distribution industries, and in the catering trade.

The processing and preserving of food requires that the frozen-food manufacturer and distributor should plan his raw material supply and not be dependent on "offers" of produce. The leading frozen-food processors and distributors in Europe have built up their "entrenched position" through massive investments and intensive promotional effort which has resulted in brand awareness. The processors and distributors in Western European countries are prepared to develop cooperative relationships through joint ventures and long-term co-pack arrangements with the suppliers in the developing countries. Once committed to a line of shrimp and prawns a big European frozen-food distributor will, because it is in his own economic interests to do so, devote considerable effort to obtain stable and economical sources of supply.

The broad trend in food distribution has been for the number of wholesale firms in Europe to contract, and traditional wholesalers are increasingly being by-passed with multiple shop organisations and retail buying groups taking over the wholesale and importing function because of the advantages of the economies of scale of operation. Information about wholesale buying and importing entities affiliated with or representing the cooperatives, voluntary chains, retail groups, department stores, etc., are given in the country reports, and it must be emphasised that to obtain a good market coverage a prospective exporter should, in addition to dealing with primary importers and independent wholesalers, contact the so-called retailer inspired wholesale organisations. Apart from the firms which specialise exclusively in frozen supplies, it is worth noting that the organisations which are accomplishing both wholesaler and retailer functions are also outlets for canned as well as for deep-frozen products; both should be approached with competitive offers (giving samples, price quotations, form of packing, place of delivery, method of payment desired, etc.).

As standards of sanitation, quality control and improved methods of production are indispensable for an expansion of export sales from the developing countries, the study deals with these particular aspects in some detail. While information about trade restrictions (customs tariffs and quantitative import restrictions) is relatively easy to obtain, it is generally recognised that the lack of coordination in measures regulating production, consumption and sale of processed foodstuffs constitute a serious obstacle to international trade. This subject has been covered in some detail in the country reports.

Concerted and joint promotional action, where all sections of the industry join hands, similar to that done in the past in the United States, is also recommended for Western Europe. A case is made for a European Shrimp Council, which could engage in promotion of shrimp consumption in Western Europe and the study suggests a number of motivations which would induce the exporters and importers, processors and distributors, government and industry to undertake such a venture.

The basic conclusion of the country-by-country analysis is that definite prospects exist for exports of shrimp and prawns and the developing nations can look to the major Western European markets as potential volume markets, provided they can meet the exacting quality requirements of the importing and distribution organisations. There are firm indications that market demand in the years just ahead will be favourable because of the exceptionally high rate of growth of consumption of speciality seafoods such as shrimps and prawns in Western Europe, which is not expected to be matched by a corresponding increase in supply from the traditional European sources.

#### CANADA

#### 58TH CONGRESS OF COOPERATIVE UNION OF CANADA

The 58th Congress of the Cooperative Union of Canada (CUC) was held in Ottawa from the 29th to 31st May, 1967. Thirty three of the major cooperative organisations in Canada were represented at this Congress, almost double the attendance in previous years. Delegates elected 27 members to the Union's new Council (Board of Directors).

The Cooperative Union of Canada and the Conseil Canadien de la Coopération held a joint conference on May 30th, to celebrate Canada's Centenary, and also to observe International Cooperative Day. It was a conference held in the languages of the two organisations, English and French.

The Congress approved a budget of 104,000 dollars for the Cooperative Union of Canada for the calendar year 1967, and adopted the following Resolutions:

1. Instructed the Cooperative Union of Canada Secretariat to initiate immediately a study of the implications of the Carter Report for cooperatives with a view to preparing submissions and recommendations for presentation to the Government;
2. Decided that the term of office of the President, the Council and the Executive Committee should be for two years;
3. Decided that the Cooperative Union should hold a Congress every two years;
4. Recommended that the CUC take steps to develop a national cooperative housing policy;
5. Decided that each member organisation of the CUC shall be entitled to appoint one delegate to attend the 1968 annual meeting of the Cooperative Union of Canada;
6. Expressed appreciation to the Prime Minister and the Cabinet for the expressed intent to introduce federal legislation for the incorporation of cooperatives.

## GERMANY

### STRUCTURAL CHANGES IN THE AGRICULTURAL COOPERATIVE MOVEMENT

An article under the title "New Tendencies of Development in Agricultural Cooperatives" was published in the Zeitschrift für das gesamte Genossenschaftswesen, 1st Quarter 1967, Göttingen, organ of the Cooperative Institutes at several German Universities and at Vienna University. It is an extract of the Ph.D. thesis of Mr. P. Schneider, under the title "Production by Agricultural Co-operatives in Bavaria". A summary of the article is given below:

Today the need for rationalisation and concentration is recognised by almost all sections of the German cooperative movement. Efforts in that direction should begin with the internal rationalisation of cooperative units. This should be supplemented by agreements on joint activities in the sphere of business of several cooperative organisations and reinforced by further re-organisation by the mergers of primary cooperative units. In recognising the necessity of integrating cooperatives and forming "large scale" cooperatives, the complexity of such developments should not be forgotten. It involves more than the purely economic aspects. The carrying out of modernisation measures and investment policies accepted as necessary, requires financial means of a magnitude which cannot be estimated at this stage. The provision of these funds will not be limited any more to the already increased transfer of surpluses to reserve funds, but also must rely on resources from inter-regional and non-cooperative sectors. It looks as though the majority of these financing methods are available only to firms of a non-cooperative nature.

Collaboration with other trade partners may develop both in the field of production and fixed supply and purchase arrangements. Above all, big industrial and trading concerns dealing in foodstuffs and the purchasing and consumer cooperatives, can be regarded as potential partners.

Even under different political, ideological and economic conditions, cooperatives must be and remain aware of the fact that striving for success and profit, though a means to an end - namely the due fulfilment of their object of social betterment - should never be an end in itself.

## LEBANON

### NATIONAL COOPERATIVE BANK IN VIEW

The first agricultural cooperative in Lebanon was formed in 1937, in a village called Abadii. Legislation on cooperatives was passed in 1941, and a cooperative department in the Ministry of Agriculture was established in 1952. By 1959 more than 140 agricultural cooperatives were registered in Lebanon, but many of them were dormant and the need for new legislation was apparent.

A new law on cooperatives was ratified in August 1964, and cooperative bureaux were set up in several ministries. By the end of 1966 there were some 25 agricultural cooperative in Lebanon, some concerned with the production and marketing of eggs, others with the marketing of fruit and vegetables and the supply of fertilisers. Some of these societies have a turnover of U.S. \$1.8 million a year, and others a turnover of only U.S. \$1,000. Plans are being prepared for the establishment of a National Cooperative Bank.

## SUDAN

### EXPANSION OF COTTON COOPERATIVES

The Sudanese Council of Ministers has decided to re-organise some of the country's privately owned agricultural schemes on a cooperative basis.

The Minister of Agriculture explained that it was the purpose of the government to divert private capital into industrial and commercial development. He paid tribute to private achievements in cotton cultivation in the Sudan, and said that these private agricultural schemes had realised a revenue of £150 million during the previous fifteen years. But licences were now expiring and the time had come to re-organise these schemes on a cooperative basis.

He said that the licences of 89 schemes covering 250,000 hectares had already expired and that the licences of most of the other 400 schemes, covering an additional 100,000 hectares, would be expiring in 1968. Re-organisation on a cooperative basis would raise the living standards of the tenants.

## UNITED KINGDOM

### RETIREMENT OF MISS MARGARET DIGBY, O.B.E.

Miss Margaret Digby, who is known to cooperators all over the world as the Secretary of the Plunkett Foundation for Cooperative Studies, retired from this post last May, but is to continue to serve the Foundation as a consultant.

Cooperators all over the world will be glad to know that she will continue to be associated with the work of the Foundation after her retirement as Secretary, for her knowledge of agricultural cooperatives and appreciation of the problems with which they are faced are universally recognised.

### THE LAND SETTLEMENT ASSOCIATION

The Wise Committee on statutory smallholdings which was appointed in May 1963 has produced its final report. It recommends among other things that the smallholdings of the Land Settlement Association, which were established on government initiative, should be converted into self-governing cooperatives.

## ZAMBIA

### TECHNICAL ASSISTANCE FOR COOPERATIVE SETTLEMENTS

Cooperative farming settlements in Zambia have made considerable progress during the last two years with expert assistance from Israeli advisers.

For example, there are 18 farming cooperatives and five poultry and vegetable cooperatives at Kafubu, near Luanshya, and they are associated in a cooperative union. The 350 members of these cooperatives have cleared 410 hectares of land and planted two thirds of it with maize, and a total of 730 hectares will be cleared shortly.

Some 2,000 acres have been cleared by the 22 cooperatives at Kakwales near Broken Hill during the last two years. Maize is again the most important crop but potatoes, beans, groundnuts and tobacco are also to be grown. The cooperatives have a dozen tractors and have been helped by Swedish volunteers.

Two hundred acres have been planted with maize by the Zambia independence farming society near Lusaka and five with oranges and bananas, and most of the 112 cooperatives in Luapula province are farming societies. Plans are going ahead for a 6,620 hectare settlement at Kafulafuta near Mpongwe, also with the help of Israeli experts. At the same time good progress is being made in cooperative education and training in Zambia.

## REPORT OF THE I.C.A. COMMISSION ON COOPERATIVE PRINCIPLES

Various forms of cooperation have existed from the very beginnings of the human race, but it was the pioneers of Rochdale who worked out their aims and purposes, and practised them in a form which identified nine specific rules and made possible the evolution of seven Cooperative Principles. These came to be known as the Rochdale Principles and they have guided the formation, development and identification of Cooperatives throughout the world ever since.

From 1931 to 1934 a Committee of the International Cooperative Alliance studied the "Present Application of the Rochdale Principles", more especially with a view to assisting the I.C.A. authorities to determine their precise application when identifying a Cooperative of any type, from any part of the world, as being eligible for membership of the I.C.A. and in consequence being considered a true Cooperative, suitable for membership of the World Cooperative Movement.

The Committee made its first report to the Congress of 1934 and, after studying further information from cooperatives of all types, made its final report to the Congress of 1937. As a result of this report, the International Cooperative Alliance recognised seven Rochdale Principles, but concluded that only four of these could be applied universally at the international level for the purpose of I.C.A. membership. These four were: voluntary membership; democratic control; distribution of surplus to the members in proportion to their participation in the transactions of their society; and limited interest on capital.

The I.C.A. Congress of 1963 decided to instruct the Central Committee to appoint a Commission to examine the present application of cooperative principles in different types of society and in different political and economic spheres and to advise on the right formulation of cooperative principles in the light of their application throughout the world at that time. In March 1966, the Commission reported to the Central Committee, which referred the full report to the 23rd Congress in Vienna in September 1966, together with a resolution incorporating the main recommendations of the Commission as summarised at the beginning of Part III of their Report.

The report and the Congress Resolution are the subject matter of this important publication.

REPORT OF THE I.C.A. COMMISSION  
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# Agricultural Co-operative

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W1

No. 8. August, 1967

## INTERNATIONAL

### WORLD BANK PRESIDENT ON COOPERATIVES IN INDIA

Mr. George Woods on a recent visit to India made a study of the new strategy in agriculture in many areas. He showed keen interest in the growth of the cooperative movement, and was impressed by the record of sugar cooperatives in Maharashtra and cotton cooperatives in Gujarat. The President stated that he would like cooperatives to be more active in providing ancillary services to farmers.

Mr. Woods assured Indian officials that the World Bank would do all it could to help India to achieve its fertiliser targets.

### ATOMIC SCIENTISTS HELP FOOD PRODUCTION

The International Atomic Energy Agency is the Agency of the United Nations involved in promoting the application of atomic science in various industries. In recent years it has become very active in cooperation with FAO. The Agency will have the 11th Regular Session of the General Conference in Vienna in September 1967. Below, a short article explains the work of this Agency in food production.

The Food and Agriculture Organisation of the United Nations (FAO) and the International Atomic Agency are cooperating in research into the application of nuclear techniques to food and agriculture. In this they are cooperating closely with experts from other organisations such as the World Health Organisation, the European Nuclear Energy Agency, Euratom and UNESCO.

Much of the research is carried out through coordinated research contract programmes, some of them covered by "cost free" research cooperation agreements. Many of the projects are in developing countries and particular emphasis is placed on the problems of developing countries, but in many cases with the close participation of distinguished scientists from Europe.

For example, there are rice, maize and tree crop fertilisation programmes in many of the countries of Asia and Africa, water use efficiency and entomology programmes in others. There is research into mutations in rice breeding in several Asian countries, into induced mutations in plant breeding and into isotopes and radiation

in the control of parasitic diseases in many European countries. Research into food preservation by irradiation is being undertaken in many European countries and in Australia, India and Japan.

Much analytical and other work on the most effective ways of using fertiliser has been undertaken at the IAEA laboratory in Vienna. Training courses on the use of isotopes in agricultural and in forestry research were held in 1964 and 1965, and symposia on the use of isotopes in weed research and in research on plant nutrition were held in 1965. One on plant nutrition and physiology was held in Vienna in 1966 in association with the European Association for Research into Plant Breeding (EUCARPIA).

A project on the control of the Mediterranean fruit fly by rearing sterile males was carried out in Costa Rica, and work is proceeding on the rearing of sterile male olive flies at the Seibersdorf laboratory in Vienna.

Research by the FAO and the IAEA in collaboration with the WHO on the effects of natural and man-made radiation on food is continuing. A manual on Emergencies in the Event of Radiation Accidents is being prepared and liaison is continuing with the International Radiation Protection Association, the French Society for Radiation Protection and Euratom. Work is also proceeding on the use of radioisotopes in research on pesticide residues and mercury contamination was one of the subjects discussed at a symposium at Amsterdam last May.

Research is also going on, in association with the European Association for Research into Plant Breeding, into the application of ionising radiation to induce mutation in crop plants, and a bibliography is being prepared in collaboration with the International Group of Mutation Workers. The results of field trials of mutant rice and wheat are being processed by computer. The use of neutrons in seed irradiation is being standardised with coordinated research programmes in six countries.

Research is also going on into the radiation attenuation of worms in order to produce vaccines for certain animal diseases and into the use of isotopes in studies on immunology and the pathology of parasitic diseases. A coordinated programme in nine countries on the use of isotopes in research into parasitic diseases in animals has also been initiated, as has another programme on their use in studies of mineral metabolism and mineral dependent diseases. A seminar in Vienna in 1966 discussed the decontamination of milk containing hazardous levels of radio-active material.

A symposium at Karlsruhe in 1966 showed that many problems in the use of ionising radiation in food preservation had been overcome, but some problems remained as in maintaining the colour, flavour, texture and odour of food so treated. In some parts of the world 30 per cent of harvested food is lost through damage by pests. A panel on food preservation by irradiation was held in Vienna in June 1966, and another in August on the irradiation of perishable fruit and vegetables. Research on food irradiation is very expensive, but many countries are cooperating in the programme.

The Joint FAO/IAEA Division on Atomic Energy in Food and Agriculture was responsible for the technical aspects of a UNDP/Special Fund project in Yugoslavia, which ended in April 1966. A research station has been built and equipped for continuing research into the application of atomic science to agriculture, to veterinary problems and to forestry.

The world's first commercial type grain irradiation facility has been built in Turkey, using radio-active cobalt and with a capacity of up to fifty tons an hour.

### I.C.A. STATISTICS OF AFFILIATED ORGANISATIONS

The Comparative Statements for 1964-65 have now been published by the I.C.A.

The statistics show the breakdown of the 222.8 million members in 58 countries now affiliated to the I.C.A., and give details of the growth of all types of co-operatives. The membership figure represents an increase of 4.1 per cent.

The statement, published in English and French, can be obtained from the I.C.A. Headquarters, 11 Upper Grosvenor Street, London, W.1. at the price of 7s. 6d.

### ALGERIA

#### NEW LAW ON COOPERATIVES

The government of Algeria has introduced a new statute for cooperatives which gives a legal status to the cooperatives of ex-soldiers, which have replaced the self-help agricultural enterprises in some cases. At the same time the government wants to avoid the danger and abuses of centralised bureaucracy which have limited and sometimes compromised self-management efforts, but it wants to leave open to the administration the right to influence the decisions of cooperative officials. Accordingly, the supervisory ministers will be authorised to propose nominations for directors of cooperatives, approve certain decisions and appoint accountants. In addition the State will have powers of compulsory sanctions.

Cooperatives will be required to set up funds out of their profits, for self-financing purposes. Another innovation is that permanent staff - and not only members - will be invited to participate in control; in this respect cooperatives and self-help enterprises will be on equal footing.

It is particularly in agriculture that the government wants to see an expansion of cooperative activity. To this end it proposes that cooperatives should be formed

by individual producers - who represent more than half the population and earn more than 40 per cent of the total farm revenue - as well as by private firms and self-help organisations. The self-help organisations will be required, where they have not already done so, to form cooperatives for supplies, for the distribution of their products and for other services.

## CZECHOSLOVAKIA

### A STUDY OF AGRICULTURAL COOPERATIVES

The Governing Bodies of the I.C.A., the Executive Committee and the Central Committee, will have their meetings in Prague, Czechoslovakia, on which occasion there will be sessions of the Auxiliary Committees, among them the 16th Meeting of the Agricultural Committee and the 2nd Meeting of the Fisheries Subcommittee. A recent article published in the Czechoslovak Co-op News, the organ of the Ustredni Rada Druzstev, Central Cooperative Council and a member of the I.C.A., explains the study of Agricultural Cooperatives in Czechoslovakia:

"The editors of our bulletin often receive letters in which readers ask about the actual number of unified agricultural (i.e. farming) cooperative societies in Czechoslovakia. This number undergoes slight changes during the year. At the beginning of 1967 there were 6,463 cooperatives of this type in Czechoslovakia; they had approximately 860,000 members, and cultivated nearly 4 million hectares of farm land (1 hectare = 2.47 acres). This means that one cooperative society has, on average, 614 hectares of agricultural land. Most cooperative societies are in the South-Moravian and West-Slovak regions, where they also cultivate the largest areas of agricultural land. There are only two districts without unified agricultural cooperatives; they are the districts of Tachov (West-Bohemian region) and Bruntál (North-Moravian region), where nearly all the land is cultivated by State farms. On the other hand, statistical figures show that the districts where agricultural cooperatives have largest average areas of land under cultivation are those of Nové Zámky (1,453 hectares) and Dunajská Streda (1,147 hectares) - both in the West Slovak region. The largest areas of agricultural land per member of a cooperative society are in the districts of Sikolov (12.3 hectares), Karlovy Vary (8.9 hectares) and Cheb (8.8 hectares) - all in the West-Bohemian region.

## GUYANA

### RECENT TRENDS IN AGRICULTURAL COOPERATIVE SOCIETIES

Mr. R. A. Dowden, retired chief cooperative officer and the present manager of the Guyana Cooperative Credit Society Ltd., recently visited the I.C.A. Headquarters, and gave this short account of cooperative development in Guyana:

Land Societies have always formed a part of the Cooperative Movement in Guyana, but recently two new groups have been developing along different lines: the Alike Cooperative Land Society Ltd., comprising a number of men and women - some of them

with large families have left their homes on the mainland and gone on a 3,000 acre plot of land and have started to cultivate it as a group. They have no mechanical equipment and have cleared at least 90 acres of forest land and planted catch crops - corn, tomatoes, cabbages - and have started to plant permanent crops - citrus. They have been assisted with food by the United Nations and the next step is to build houses where their families will live and the scheme will eventually develop as a village in the interior. They work cooperatively, and as sales are made each member is recompensed for the labour he has put in. The idea is first to develop the land and later to give individual holdings. The Society is registered, making it a legal entity. They have built a boat to assist them in transporting their produce to the nearest market.

The other group is the Guyana Young Farmers Cooperative Society - a registered society also consisting of 20 young men all unmarried and between the ages of 18 and 20. They have been selected and the idea is that they would make farming their life work. They have been given undeveloped land. They have started work in farming the land, and live on the farm in a thatched house erected by themselves. They receive financial help from an Oxfam grant to assist in subsistence. They plant the usual crop of vegetables - corn, potatoes (sweet), cabbages, pepper, tomatoes, and sell their produce to the Guyana Marketing Corporation, a government agency which is prepared to purchase all that they produce. A fire destroyed their dwelling and rains flooded all their crops and the land had no proper drainage. A supervisory Committee with no powers to implement decisions advised them. The Committee comprised representatives from the Ministries of Economic Development, Work and Hydraulics Community Development and Agriculture, and the Advisory Council of YMCA who administered the Oxfam Funds, but since the burning down of the dwelling and the destruction of the crops by rains and floods, ministerial assistance has been forthcoming, and proper drainage will be put in. A prefabricated building erected by the boys themselves will be put up. The group receives agricultural advice from agricultural offices attached to the Ministry of Economic Development, and the Cooperative Officer is responsible for the cooperative side of the venture.

It is hoped that if these two ventures - the Aliko and the Guyana Young Farmers - succeed, other groups will be developed along similar lines.

## PHILIPPINES

### WFP AND I.C.A. MEMBER COOPERATE IN LAND REFORM PROGRAMME

The World Food Programme supported by Germany's fund will issue food on a credit basis, valued at 238,000 dollars to assist the Land Reform Programme. The food to be supplied is canned meat, dried fish and canned fish. The food will be distributed at Government prices or slightly below those usually prevailing in the market.

The issues will be for a period of five months through local cooperative societies which are members of the Central Cooperative Exchange, a member of the I.C.A. The credits are repayable to the Agricultural Credit Administration in six to nine months and the proceeds therefrom are used to form a Livestock Loan Revolving Fund for the expansion of the livestock industry.

The Agricultural Credit Administration executes the project on behalf of the Government.

Project staff, including a project manager and local project supervisors, are provided by the Government. The services of a WFP project officer stationed in Manila are provided to render assistance and advice to the Executing Agency.

The commodities supplied by the Programme are unloaded at the port of Manila, where they are stored in the warehouses of the Central Cooperative Exchange.

The dried fish is stored in a specially converted part of the stores where de-humidifiers are being installed. To avoid deterioration of food-stuffs due to high humidity, commodities are transferred every six weeks from the main stores in Manila, where no airconditioning is available, to distribution centres.

Based on approved production loans, the supervising Credit Officer prepares the "Abstract of Subsistence Loan". When that is received the Central Cooperative Exchange delivers the required commodities to the designated private dealer, who releases the commodities against purchase orders issued by the Loans Supervisors to farmers in receipt of approved subsistence loans.

Issues on credit started on 8th July, 1965, and have been progressing slowly but increasingly. By the end of December 1965, 4.9 tons of canned fish, 13.5 tons of canned meat and 1.2 tons of dried fish, totalling 19.6 tons of foods, had been sold to 1,040 farmers on a credit basis for a total amount of 29.146 pesos\*. This quantity represents 14 per cent of the commodities delivered or 5 per cent of the final target. The availability of subsidised food-stuffs and fresh fish in large quantities during the rainy season are amongst the reasons for this slow start. It is anticipated that the withdrawal of subsidised food and the advent of the dry season will increase the demand for WFP commodities on a credit basis.

Twelve land reform project areas have been proclaimed by the National Land Reform Council. Cash and production loans granted by the Government to some 4,000 farmers amount to 624,640 pesos\*.

### U.S.A.

#### TURNOVER OF COOPERATIVE BUSINESS ABOUT 15,000 MILLION DOLLARS

Dollar business volume of farmer cooperatives had reached almost 15,000 million dollars by the end of June 1965, according to a survey just completed by the U.S. Department of Agriculture. This is 2.7 per cent better than the previous year, and 53 per cent over the volume ten years ago.

California, Minnesota and Iowa were first, second and third in the total net dollar volume of business. Total gross business volume - the amount that includes business between cooperatives in the net figure - amounted to 19,600 million dollars for the year.

Other highlights of the survey were: 1. Total number of cooperatives decreased 3 per cent - to 8,582. More than one-eighth of these (1,108) were in Minnesota.

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\* 1 peso = U.S. \$0.26.

Wisconsin had 639 associations, Iowa 549, to rank behind the Gopher state. 2. Minnesota, Illinois and Indiana, in respective order, led in memberships, which totalled 7.1 million, about the same as the previous year. Minnesota's 625,875 members topped runners-up Illinois (442,335), Indiana (425,975) and Iowa (425,510). 3. Net value of all farm products marketed amounted to 11,500 million dollars, a gain of 2.7 per cent over the previous year. Dairy, grain and livestock led in product value. 4. Net value of farm production supplies amounted to 2,900 million dollars, a 3 per cent increase. Feed, petroleum and fertiliser were the leading farm supplies handled.

Marketing volume for 1964-65 represented 78 per cent of total net business - a 55 per cent jump over that reported in 1954-55. The rise came largely from increases in the net value of dairy products and fruits and vegetables. Dairy products, representing 33 per cent of total net value of marketing by cooperatives, ranked first among commodities marketed with almost 3,800 million dollars - up 7 per cent over 1964. Grain (2,500 million dollars) and livestock (1,400 million dollars) were second and third respectively.

Increases in the net value of fertiliser, building materials, and sprays and dusts handled accounted in large part for the rise in cooperative supply volume, up 44 per cent from 2,000 million dollars in 1954-55 to 2,900 million dollars in 1964-65.

California continued in first place in net value of farm products marketed with 1,500 million dollars. Minnesota was second with 783 million dollars, and Iowa third with 683 million dollars. Iowa ranked first in net value of supplies handled by cooperatives with 232 million dollars; New York was second with 186 million dollars, and Minnesota third, with 182 million dollars.

#### U.S.S.R.

#### BOATS OPERATING WITHOUT FISHERMEN?

Modernisation of fishing operations is changing the structure of the fishing industry and fishermen's cooperatives. How far this development has gone in the Soviet Union may be seen from the short account of the report given by Dr. N. Andreev, a Soviet fisheries expert at an international fellowship seminar held in Moscow last year, and arranged jointly by FAO and the Soviet Government.

Completely automatic fishing vessels which could cruise and catch fish without a single person on board, under remote control from a mother ship miles away, are being planned by the Soviet Union as part of its expanded fisheries programme.

Soviet plans for expanding world-wide fishing operations envisage the full use of automation aboard vessels to decrease the size of the crew and increase labour productivity. To this end, the Soviet government eventually hopes to build experimental vessels that could be operated and navigated by radio and other tele-apparatus from a base ship stationed in the area. The vessels would be of various sizes, and

would be equipped with the latest electronic gear for detecting fish down to depths of 2,500 feet, for the larger vessels, and to depths of 1,000 feet for the smaller ones.

The project is a part of the general Soviet fisheries programme which emphasises larger fishing vessels capable of operating farther and longer at sea and of processing directly all fish caught.

Larger vessels, according to Soviet experiments, showed indisputable advantages over smaller ones. Soviet Union will continue to emphasise oceanic fishing, which in 1965 accounted for almost 85 per cent of the total Soviet marine and inland catch, and further increases are planned for oceanic catches.

"The technical level of the fleet "... allows the U.S.S.R. to extend the scope of fishing activities into the world ocean permanently and to utilise their abundant biological resources effectively."

The total Soviet catch of fish, whales, marine mammals and sea products, both marine and inland, rose from 1.75 million metric tons in 1950 to 5.6 million tons in 1965. At the start of 1965, the powered fleet of the Soviet fishing industry had increased in number by almost 3.4 times and in power capacity by 10.7 times as compared with 1940.

The industry itself consists of state organisations which handle about two-thirds of all Soviet fishing, and of specialised cooperative organisations or fishing collective farms. The latter are associations of fishermen which own vessels, fishing gear, net and other equipment and shore installations, and operate both in the oceans and in inland waters including the Black, Asov and Caspian Seas. They purchase their equipment under state control over a period not exceeding seven years to assure gradual repayment of cost from the returns of catches.





# Agricultural Co-operative

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W.1

No. 9. September, 1967

## INTERNATIONAL

### I.C.A. AGRICULTURAL COMMITTEE DISCUSSES COOPERATIVE FINANCE AT THE INTERNATIONAL LEVEL AND THE APPLICATION OF COOPERATIVE PRINCIPLES TO AGRICULTURAL COOPERATIVES

#### Meeting in Prague

The Agricultural Committee of the I.C.A. met in Prague on the 11th September, 1967, where it enjoyed the hospitality of the Ustredni Rada Druzstev (U.R.D.). Dr. L. Malfettani was in the Chair, and 13 countries were present at the meeting: Ceylon, Czechoslovakia, Denmark, Eire, Finland, France, Hungary, Italy, Japan, Poland, Sweden, United Kingdom and Yugoslavia. Besides these, IFAP was represented by Mr. R. Savary, General Secretary, Mr. O. R. Sandberg, Chairman of the IFAP Committee on Agricultural Cooperation and Mr. E. Ericsson, Secretary of the same Committee. FAO was represented by Mr. S. Anania and Mr. R. Hamlisch. From the I.C.A. the meeting was attended by Dr. M. Bonow, President, Mr. W. G. Alexander, Director and the Agricultural Secretary.

With two new elected members from Pakistan and Australia, the full membership of the Committee is 40 members from 24 countries.

The Committee discussed ways and means of how FAO, IFAP, ILO and the I.C.A. could cooperate at the international level in the field of technical assistance to agricultural movements. Coupled with this, the need for international cooperative finance for agricultural cooperatives in all countries was stressed. The FAO delegate participated very actively in this discussion. The Committee put forward the proposal that the I.C.A. and the Agricultural Committee should collaborate with the FAO, IFAP and ILO in the field of international credit and finance of agricultural cooperatives. It was also decided to explore the possibility of finding experts in this field within the scope of the agricultural movements and to undertake the formulation of views of the experts in these problems.

Concerning the follow-up of the 1965 Palermo Conference on Fruit and Vegetables, in the form of a meeting of experts on pre-packaging and the cold chain system, the Committee accepted the Swedish invitation for the meeting to be organised in Sweden. The choice of having the meeting in Sweden will enable the participants to see on the spot the very up to date methods of distribution, and the influence of the latest requirements of the consumers on agricultural production itself. The Agricultural Secretary was authorised to work out the details for the organisation of this meeting with the cooperative organisations in Sweden.

In view of the fact that there is already a meeting of commodity experts planned in 1968 it was decided to give further consideration to the preparation of the Animal Feeding Stuffs Conference, and to contact other interested parties. The Agricultural Executive at its next meeting should decide about the time and place of this Conference.

Mr. P. Lacour, the Chairman of the Fisheries Sub-Committee, gave a report on the activities of this Committee. The Committee is completing its survey of fishermen's cooperatives throughout the world, is studying the possibility of stimulating the flow of technical assistance, and is collaborating with the FAO in the preparation of the publication "Cooperative Marketing and Supply for Fishermen".

A further important item of discussion was cooperative principles and their application to agricultural cooperatives. The Chairman of the Committee, Dr. L. Malfettani, made a statement, in which he especially stressed the way of distribution of cooperative funds in the case of a cooperative ceasing to operate. Consideration was also given to the relationship between the government and cooperatives, especially in the case of developing countries.

In view of the fact that Mr. J. Nepomucky from the U.R.D. ceased to be a member of the Agricultural Committee, Mr. V. Krutina from the same organisation was elected to replace him, both in the Agricultural Committee and the Agricultural Executive.

The next meeting of the Agricultural Committee is likely to be held in September 1968 at the time of the meeting of the Central Committee of the I.C.A. In the meantime, the Agricultural Executive may meet at the beginning of the same year.

#### WORK OF THE FISHERIES SUB-COMMITTEE OF THE I.C.A.

Under the Chairmanship of Mr. P. Lacour, France, the Fisheries Sub-Committee of the I.C.A. met in Prague on the 12th September, 1967. Seven countries were present: Ceylon, Denmark, Eire, France, Italy, Poland and Sweden (Observer), with 13 representatives. FAO was represented by Mr. R. Hamlish.

The Committee undertook with FAO the work on a manual concerning marketing and supply fishermen's cooperatives. Case studies for this manual will be prepared

by FAO mainly from developing countries, and by the Fisheries Sub-Committee mainly from Europe. An expert who will analyse and summarise the material provided for the manual will be brought into this work.

The second important item of discussion was the fisheries questionnaire, which was sent to 69 organisations in 34 countries. Answers were obtained from 26 countries. The questionnaire dealt with general statistical data, form and structure of co-operatives. Further it contained an enquiry about the need for technical assistance in developing countries, and a questionnaire on the possible supplies from fishermen's cooperatives in developed countries. It was established that although most of the developing countries formulated their needs, further enquiry into this question is necessary. The questionnaire requires following up in order to identify and formulate precisely the needs for technical assistance, so that they may be presented to those fishermen's cooperatives in developed countries which may be capable of furnishing assistance, or to respective agencies of the United Nations. It was suggested that the Fisheries Department of the FAO and the Secretariat of the I.C.A. should cooperate in the following up of this questionnaire.

A seminar for managers of fishermen's cooperatives in South-East Asia was discussed, and an opportunity is being investigated whether such a seminar may be held in cooperation with FAO, possibly in 1969 or 1970.

In addition to the above mentioned tasks, the Fisheries Sub-Committee will tackle the problems which are common to the Agricultural Committee and the Sub-Committee itself. Those are finance of fishermen's cooperatives at the international level, and the application of cooperative principles to the fishermen's cooperatives.

The next meeting of the Fisheries Sub-Committee will probably be held at roughly the same time as that of the Agricultural Committee.

#### WORLD COMMODITY PROBLEMS

##### NEW INTERNATIONAL WHEAT AGREEMENT

The International Wheat Conference in Rome concluded its work on an instrument to replace the 1962 Wheat Agreement. The text of the International Grains Arrangement 1967 will be submitted to Governments. It consists of two legal instruments, the Wheat Trade Convention and a Food Aid Convention, requiring separate signature and ratification.

The Wheat Trade Convention embodies the provisions relating to international trade in wheat, including the rights and obligations of member importing and exporting countries and minimum and maximum prices. A change was made in the price range in the "reference" or basic wheat, which now is United States No. 2 Hard Winter Ordinary f.o.b. Gulf, in place of Canadian No. 1 Manitoba wheat in store Fort William/Port Arthur in the 1962 Agreement. The price range on the new basis is \$1.73 at the minimum and \$2.13 at the maximum. Quality differentials in relation to No. 2 Hard Winter Ordinary have been prescribed for certain specified types and classes of wheat.

The Food Aid Convention relates to the contributions to be made by certain countries, in the form of wheat, coarse grains for human consumption or the cash equivalent, as aid to developing countries to an amount of 4.5 million metric tons

annually. This Convention deals with the procedures to be followed in relation to this programme of food aid, and in particular with the functions of a Food Aid Committee which will keep under review the functioning of the food aid arrangements and the way in which obligations undertaken under the programme have been fulfilled.

The text of the International Grains Arrangement provides that the constituent Conventions of the Arrangement are to be opened for signature in Washington from 15th October to 30th November, 1967, and for them to enter into force, provided the relevant conditions are fulfilled, on 1st July, 1968. For the Conventions to have effect, the signatories of the Memorandum of Agreement emerging from the Kennedy Round Negotiations in Geneva must ratify both Conventions.

## AFRICA

### COOPERATIVE FARMING IN KENYA AND TANZANIA

A major problem in agricultural development in Africa is the development of suitable forms of farm organisation. Large scale private farms are economically viable but socially unacceptable in the newly independent countries of Africa, while traditional family farms are socially acceptable but unable to take advantage of modern methods.

There have been many experiments in cooperative farming in Africa, as in Asia. Mr. Nikolaus Newiger of the IFO-Institut für Wirtschaftsforschung Poschingerstrasse 5, Munich 27, Germany, has recently published a survey of cooperative farming in Kenya and Tanzania in 1965.

In Kenya in the early sixties a large number of Farm Purchasing Cooperatives were organised spontaneously in Kenya by poor Africans who hoped to be allocated land previously farmed by white settlers. Some 350 societies had been formed at the time of Mr. Newiger's survey, and 67 of them had acquired land.

In Tanzania, on the other hand, Village Settlements were formed as deliberate acts of government policy, sometimes with Israeli help. But cooperative farms in both countries have had to face formidable problems. In Kenya their spontaneous growth seems to have meant that their development has been hampered by government policy with respect to them not having been fully worked out; while in Tanzania there has been a tendency for over-capitalisation to result in a burden of debt which farmers find it difficult to sustain. Mr. Newiger also finds that in both countries there is a need for more technically qualified people and for institutions specifically designed to foster the development of cooperative farms among Africans with limited resources.

Mr. Newiger has produced a comprehensive report which runs to more than 150 pages, and should be of interest to all those concerned with encouraging cooperative farming in developing countries among people without either capital or experience of modern farming methods.

## AUSTRALIA

### MERCER OF WINE COOPERATIVES

Australia's seven wine making cooperatives joined to form a common enterprise to be known as Cooperative Wines (Australia) Limited. The new cooperative will be concerned with making and blending wines which will be marketed - mainly in Britain and Canada - through the Emu Wine Company.

## FRANCE

### NEW LEGISLATION BEING APPROVED FOR AGRICULTURAL COOPERATIVES

Following the report submitted by Mr. Justin Marcel, Master of Requests, Council of State, who is also secretary of the Council of Cooperation, to Mr. Michel Debré, and after consultation with members of the agricultural movement, the Council of Ministers has now adopted the text for far reaching changes in the legislation concerning agricultural cooperatives.

We will report on this in more detail in one of our next issues.

## INDIA

### COOPERATIVE FERTILISER PLANT - BIGGEST IN INDIA

The production of more fertilisers in India is recognised by the FAO to be one of the most important ways in which an increase in food production in India can be achieved. The construction of such plants also saves India substantial sums in foreign exchange.

By the end of 1967 capacity for the production of fertiliser in India is likely to be 700,000 tons of nitrogen, with an output now of about half that figure. Under the Fourth Five-Year-Plan it is hoped to produce 2,000,000 tons of nitrogenous fertiliser in India by 1971, and 1,000,000 tons of phosphatic fertiliser.

Mr. Asoka Mehta, Minister for Planning, Petroleum, Chemicals and Social Welfare, said in New Delhi last June that from two-thirds to three-quarters of Indian fertiliser plants would be publicly owned. ICI is building a 200,000 ton plant at Kanpur in Uttar Pradesh, but most of the projects are public ones, or joint ones with substantial amounts of public investment.

The biggest fertiliser plant in India, and probably one of the biggest in the world, will be cooperatively owned. Cooperatives play an important part in distributing the fertilisers produced at other plants, but the new plant at Kandla in Gujarat with a capacity of 800,000 tons end product a year, is to be an entirely cooperative project.

The idea of help from U.S. cooperatives in the development of cooperative fertiliser production in India was put forward by a team from the Cooperative League

which visited India in 1961. In the autumn of 1966 a team from the Cooperative League, Mr. Gordon, Mr. Mitchell and Mr. Soday, went to India to study the feasibility of setting up cooperative processing plants in India and reported favourably. And in April 1967 Mr. Fledderjohn, President of the International Cooperative Development Association, Mr. Owen, Cooperative League administrator of AID programmes and Mr. Cooper and Mr. Lundberg from American fertiliser cooperatives discussed the project with Indian government and cooperative officials.

In June and July 1967 Mr. Thomas, Mr. Wiley and Mr. Soday went to India on behalf of the International Cooperative Development Association, and the result has been the decision to build a large cooperative fertiliser plant at Kandla rather than several smaller plants.

Capital investment is from the Indian cooperatives assisted by the Indian government and U.S. Agency for International Development (AID), whereas U.S. cooperatives contribute with \$1 million of technical assistance. The total cost of this plant will be \$ 100 million. The plan is to set up a World Fertiliser Development Cooperative. Outside capital will gradually be repaid and ownership and control will ultimately be vested in the Indian cooperative movement.

The nitrogenous fertiliser plant will probably be Naptha based, and technical assistance and support from U.S. fertiliser cooperatives will be withdrawn as soon as practicable. Some of the equipment will be produced in India.

#### BEET SUGAR EXPERIMENT IN INDIA

The first project for the manufacture of sugar from sugar beet in India was inaugurated last May at Bhogpur by Shri A. P. Shinde, Indian Minister of State for Food and Agriculture. It is being undertaken by the Janta Cooperative Sugar Factory.

The Minister recognised that beet only produces from three to four tons of sugar per acre compared with a yield of from seven to nine tons from cane; but declared that India could grow sugar beet as a summer crop in temperate regions and as a winter crop in warmer districts, and that it required less irrigation and less fertiliser than cane. With minor adjustments factories processing cane could be used to process beet sugar and be kept busy over a longer period.

#### KENYA

##### SCANDINAVIAN TECHNICAL ASSISTANCE TO COOPERATIVES

A joint Scandinavian aid agreement concerning contributions in the field of co-operation has been signed in Nairobi by Kenya's Minister for Cooperation and Social Affairs, Mr. Ngala, and the ambassadors of Sweden, Denmark, Finland and Norway. As regards the number of advisers, the five year project is the largest in which the Scandinavian countries have engaged themselves. The Swedish International Development Authority (SIDA) stands for the Swedish contribution, and the project is administered by Denmark who have also conducted the negotiations with the Kenyan authorities. The costs for the five year period are estimated at 44,4 million Danish crowns. Sweden will contribute 45 per cent of this sum.

The aid concerns Scandinavian assistance in planning and starting an education and development programme for the State supervised, but in principle independent, cooperative movement.

A central cooperative education institute will be established for courses in agricultural cooperation and marketing. To complement this, six regional education centres will be formed. Scandinavian experts will serve at these institutes as instructors in the courses for the board members, directors, secretaries and book-keepers of the societies. Furthermore, about 20 instructors will work in the six districts as field experts.

The project commenced in temporary premises in the spring of 1967. At present 27 Scandinavian instructors are working in Kenya in cooperative education. A new group of 22 recently commenced their training in Denmark and leave for Kenya in October.

### MALAGASY REPUBLIC

#### COOPERATIVE EDUCATION IN THE MALAGASY REPUBLIC

For the last five years a team of experts from the ILO has been advising the General Commissariat for Cooperation in the Malagasy Republic on cooperative problems.

One expert has been helping with a review of cooperative legislation and another has been studying management and accounting in the country's cooperatives. A third has been organising seminars and preparing plans for cooperative education and training. Consumers cooperatives in the Federal Republic of Germany have been providing lorries and other equipment for the use of cooperatives in the Malagasy Republic.

### POLAND

#### CONTRACT FARMING IN POLAND

There has been a rapid expansion of contract farming in Poland in recent years. In 1966 more than a fifth of the land under cultivation was under contract, and this was a 17 per cent increase over the area under contract in 1965, which in turn was a 56 per cent increase over 1962. The indications are that contract farming will continue to expand rapidly.

Four-fifths of the arable land in Poland is privately owned, and most of the farms are of less than 10 hectares. There are also some large state farms and these produce more than half of the seed grain grown under contract. Seed grain accounts for nearly a quarter of deliveries under contract.

Village cooperative societies buy over 65 per cent of all farm produce in Poland. Purchase and Supply Cooperatives affiliated to the Central Agricultural Union of "Peasant Self-Aid" Cooperatives do most of the purchasing under contract, but Dairy and Market Gardening cooperatives also do a substantial amount of buying under contract.

Deliveries of sugar beet, industrial potatoes, tobacco, hops and other industrial crops are, however, usually produced under contracts made directly with industrial plants, most of the contracts being with farmers in the same district as the processing plants.

One third of all Polish farms produce grain by contract, and potatoes, peas, beans, other vegetables and fruit are also cultivated under contract. Contracts specify what shall be produced and the terms of delivery, and the farmer becomes eligible for financial help in obtaining fertilisers, fodder and insecticides. Fertiliser is made available on credit, free of interest, and the price of fertiliser may also be reduced by as much as 40 per cent. The production of concentrate fodder is subsidised by the state and price reductions on fertiliser are related to fodder consumption.

In 1965 pigs accounted for 60 per cent of all animal production under contract. Deliveries of young slaughter cattle and other animals amounted to 1,200,000 head in 1965 while 20 million head of chicken and ducklings were delivered under contract.

Contracts with cooperative societies are negotiated in association with the farmers' organisations known as "Agricultural Circles". Technical advice may be made available and farmers who achieve high yields and deliver more grain than specified in a contract receive a special bonus.





# Agricultural Co-operative

BULLETIN

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INTERNATIONAL



COOPERATIVES AS INCENTIVE TOOLS IN AGRICULTURE  
FAO "STATE OF FOOD AND AGRICULTURE 1967" COMMENTS ON COOPERATIVES

The "State of Food and Agriculture 1967" (SOFA), the main document for the forthcoming FAO Conference, estimates that food production per person in the developing countries in 1966 was lower than in any year since 1957. This means that it will be even more difficult for food production to catch up with the increase of population in developing countries. For this reason, it is no surprise that the SOFA devotes special attention to the factors which may determine any increase in the expansion of agricultural production in developing countries.

Commenting on this problem Dr. Sen, FAO Director-General, says that aid is most urgently needed by the developing countries for the building up of their own agriculture. He had recently proposed a new initiative to this end through the establishment of a Food Production Resources Programme to supply the developing countries with increased quantities of fertilisers, machinery, pesticides and other requisites for modern agricultural production. This swing to the modernisation of agriculture in developing countries is gathering momentum and SOFA notes the increased emphasis on the use of such modern production requisites as selected seeds and fertilisers. The survey says that in India and Pakistan much is expected from new "high-yielding, fertiliser-responsive" varieties of rice and wheat, but with the increased use of such requisites the supply of agricultural credit is likely to be a bottle-neck, and many countries report efforts to expand credit facilities.

It is probably very much for this reason that the developing countries' input of fertilisers is still only 10 per cent of the world total. The manufacture of fertilisers in the developing countries has trebled in the past decade, but was still only 4 per cent of the world total in 1965/66. However, producers will purchase fertilisers and other requisites to step up their production only if they have the necessary incentives and these they lack unless improvements are made in such fields as land tenure, credit, marketing and price stabilisation.

A special chapter of SOFA is devoted to these problems, and particular reference is made to the contribution cooperatives can make in this respect.

Talking about price stabilisation, SOFA says that cooperatives can fulfil their role if they are free of the complicated formalities which have sometimes been imposed on them by governments, for whom they occasionally act as agents. They must also have adequate finance at their disposal to be able to provide finance when needed by the farmer. For example, to compete effectively with private traders,

cooperative societies must be able to make advances before the harvest. The same is true of the service of providing farmers with production requisites and consumer goods against either cash or credit.

The need for farm credit in developing countries is increasing rapidly. The main factor, however, is that the adoption of more modern methods of agriculture automatically involves increased expenditure for fertilisers, pesticides, irrigation equipment, implements, machinery, etc. In fact, more efficient farming and increased productivity imply a rapidly rising expenditure on input from outside the farm sector. Unfortunately, institutional credit is still a small percentage of the total credit supplied to farmers. Even in Japan, where 70 per cent of the institutional credit received by farmers originates from cooperative sources, (against a corresponding 3 to 15 per cent share in most Asian and African countries), a large share of farm credit still comes from non-institutional sources. Commenting on this problem, SOFA draws the material from the FAO/ICA study "Agricultural Credit Through Cooperatives and Other Institutions". They quote among the most important reasons why institutional credit has not been able to make a break-through in developing countries, factors such as a lack of financial resources and trained staff. Non-institutional credit is given without delay and red tape, and is combined with supply and marketing; but this is not the case with institutional credit. On the contrary there are cumbersome loan procedures, and unreasonably low credit limits. Incommensurate importance is attached to the security of real estate needed to assist repayment capacity. Some credit institutions insist on distinguishing sharply between production credit and credit for consumption. From all this, SOFA tries to draw some lessons and states that institutional credit organisations must be prepared to change their procedures in order to avoid as far as possible formalities and delays, and they must grant loans on a scale commensurate with farmers' needs, adjusted always to his capacity for repayment.

Credit institutions must match the money lender's personal knowledge of the character and capacity of repayment of the applicant for a loan; and to make this effective they have to delegate an authority to grant or withhold loans to the committees of village cooperatives or farmers' organisations. Local organisations should also be made responsible for ensuring repayments. Further, credit institutions should be prepared to match the services of the merchant money lenders in providing supplies and farm requisites and in marketing.

All the same, it is clear that SOFA has taken the view that an integrated approach is to be taken in the work of agricultural development and cooperatives. Marketing and supply cooperatives cannot work properly unless they are linked with credit services. On the other hand, credit cooperatives cannot be effective unless they provide for farmers in many other activities, and meet the need of the farms as economic units, and those of farmers and their families.

### REPORT TO THE ILO ON COOPERATIVES

The ILO Conference in June 1966 adopted an important Recommendation on the role of cooperatives in developing countries, and two related resolutions: one on the need for an international cooperative banking system, and the second on the need for increased collaboration between international agencies in encouraging the growth of cooperatives in developing countries. All this has been published in book form.

In his report for the year 1966, the Director General of the ILO concerns himself with the development of cooperatives and rural institutions in these countries. A handbook designed to help members of cooperatives in developing countries was prepared by the ILO during the year, and the organisation also undertook the systematic collection and dissemination of information on cooperative problems. At the same time it was engaged on a major research project on non-conventional forms of cooperatives, both in industrial and in developing countries. This was started during the year to help developing countries derive maximum benefit from traditional forms of cooperation.

The ILO has also been concerned with agrarian reform and with the settlement of nomadic peoples, and contributed a paper on "Gearing Agrarian Reform to Employment Objectives" to the World Land Reform Conference which was held in Rome in June and July 1966, and was sponsored by the FAO and the United Nations as well as the ILO. A report on "The Improvement of the Conditions of Life and Work of Tenants, Share Croppers and Similar Categories of Agricultural Workers" was prepared jointly with the FAO and the United Nations in 1966, and was concerned with security of tenure and rent.

During 1966 there were seventy ILO experts dealing with many different aspects of cooperation in Africa, Asia, Latin America and the Middle East. Ten new projects were launched in Africa and larger projects may receive support from the Special Fund. In some countries, such as the Malagasy Republic, there has been close cooperation between teams of ILO experts and collaboration with the FAO has been close. A conference on marketing by agricultural cooperatives was held in Denmark and was supported by the Danish Government.

The ILO has been studying peasant organisations in Latin America jointly with the Inter-American Committee for Agricultural Development. Cooperative methods and institutions played an important part in wider programmes for agrarian reform and rural development in which the ILO has been involved, as in two regional projects in Latin America. In Congo-Brazzaville, the Lebanon and Uganda cooperative organisations were encouraged as a means of fostering agrarian reform and land settlement,

and in Latin America the ILO acted as coordinator in the Andean Indian Programme in cooperation with the United Nations, the FAO, UNESCO and the WHO. Studies of the problems of settling nomadic peoples were made in Soviet Central Asia and vocational training in cooperative activities was continued in the Congo.

## WORLD COMMODITY PROBLEMS

### THE MARKET FOR OILCAKE IN WESTERN EUROPE

In South-East Asia many cooperatives have been involved in the production and marketing of oil-seeds and products. A recent GATT study may prove very useful for those organizations which have the capacity to export.

As part of its market information service, the GATT International Trade Centre has published a study of the Western European Market for oilcake, a product derived from oil-seeds and oleaginous fruit, which are of importance in a number of developing countries. The study is intended for the use of public authorities in these countries as well as for oil-seed producers, cooperatives, crushing firms, exporters and investors.

The seven leading importing markets (West Germany, United Kingdom, Denmark, France, Netherlands, Sweden and Belgium), are described in detail. The report also covers the main characteristics common to them all, international trade flows for the various types of oilcake, the volume of these various markets, and trends and prospects in the rate of consumption. Attention is also given to such practical aspects as the various types of intermediaries, and lists of principal shippers, importers, agents and brokers. Finally there is an evaluation of internal competition in terms of the salient characteristics of domestic production in Europe, the names of the principal oil-seed crushing firms, and an indication of sales prospects.

## CANADA

### FEDERAL LEGISLATION ON COOPERATIVES IN CANADA?

In the spring of 1967 the Prime Minister of Canada announced that legislation on cooperatives would be introduced during that session of the Canadian Parliament.

Canadian cooperators have been pressing for such legislation for years. In 1964 the Cooperative Union of Canada and Le Conseil Canadien de la Coopération, put forward sixteen points about the kind of provisions that would need to be included in federal legislation.

At the Congress of the Cooperative Union of Canada last May most delegates appeared to be satisfied with the Prime Minister's assurances. At a joint luncheon session of the Cooperative Union of Canada and Le Conseil Canadien de la Coopération the Registrar General of Canada told cooperators that there should be an announcement by the late autumn though constitutional problems and a review of corporation law being undertaken at the same time were causing delay. But in September cooperators were still waiting and a letter from the Maritime Cooperative Council to all Canadian Federal M.P.s from the Maritime Provinces laid emphasis on the urgency of the need for federal legislation.

### MR. GEORGE DAVIDOVIC TO RETIRE

Mr. George Davidovic, Director of Research with the Cooperative Union of Canada, is to retire at the end of 1967.

Mr. Davidovic was previously Agricultural Secretary with the International Co-operative Alliance and Editor of the Agricultural Cooperative Bulletin, and he came to the Cooperative Union of Canada in 1962. He has produced a number of important studies as Director of Research with the Cooperative Union of Canada, and they have been widely used in many countries.

The Cooperative Union of Canada will not be appointing a new Director of Research, but has instead entered into an agreement with Dr. W. B. Baker of the Canadian Centre for Community Studies and will retain his services as research assistant.

### FRANCE

#### AGRICULTURAL COOPERATIVES IN FRANCE

Agricultural cooperatives in France enjoy certain privileges not available to commercial companies. They are, for example, entitled to bigger investment grants or subsidies, and to loans on more favourable terms. They also enjoy a variety of tax concessions on the ground that the operations of agricultural cooperatives are really a kind of extension of farming activities. They are, for example, exempt from paying corporation tax on their trading surpluses.

These concessions are, however, only granted on certain conditions, and one of these is that agricultural cooperatives should be required to trade almost exclusively with their own members. But societies have been finding that this puts them at a commercial disadvantage. Marketing societies may not be able to obtain sufficient supplies from members to fulfil contracts. Processing cooperatives may find it imperative to keep their factories working at full capacity and may therefore need to buy on the open market from time to time. Supply cooperatives may wish to sell to non-members, and thus operate on a more economic scale. But hitherto the tax and other concessions that they enjoy have been conditional on their doing nearly all their trade with members.

The French Government is now proposing that this condition should be changed, and that agricultural cooperatives should be allowed to do nearly a third of their trade with non-members. It is also proposing that agricultural cooperatives should be allowed to convert themselves into commercial companies which would not be required to operate the cooperative principle of one man, one vote.

Agricultural cooperatives in French law are, like other cooperatives, "Societies of Persons", societies run in the interests of their members as persons. Commercial companies, on the other hand are, in French law, "Societies of Capital", societies run in the interests of those contributing capital. To allow cooperatives to convert themselves, in law, into companies raises important questions of cooperative principles.

In October 1966 a working group under the chairmanship of M. Justin Marcel, Secretary of the Supreme Council of Cooperation, was appointed to enquire into French law on agricultural cooperatives. It produced a report at the end of last July and ordinances embodying the recommendations of the report but going somewhat further were approved by the Cabinet in September.

It is proposed in the ordinances that agricultural cooperatives should be allowed to convert themselves into commercial companies, and that members of such cooperatives should be allowed to vote in proportion to capital contributed instead of equally so long as no farmer has more than 20 per cent of the total voting power. Membership of cooperatives by "farming groups" will also be allowed, and cooperatives will be allowed to revalue their shares to offset falls in the value of money and thus reduce the risk of members wanting to withdraw their capital.

If French agricultural cooperatives convert themselves into commercial companies, voting to do so by equal vote, they will be entitled to do one third of their trade with non-members, will still be able to borrow on favourable terms and may continue to receive larger investment grants than are generally available. They will, however, lose their tax concessions. Thus, the question will be whether the larger farmers who think they should have more voting power than smaller ones, will find this worthwhile if accompanied by the loss of tax concessions. It remains to be seen whether the loyalty of the members of French agricultural cooperatives to cooperative principles will be sufficient to prevent more than a small minority of societies from converting themselves into companies.

In the middle of October the National Federation of Cooperative Dairies announced its opposition to the new ordinances. It declared that the proposed changes would divert cooperation from its true purpose. The National Union of Directors of Cooperatives has denounced as quite unfounded the claim that the legal form of a commercial company would give greater dynamism to cooperative enterprises.

The new ordinances are not only concerned with the future of agricultural cooperatives themselves, but also with the building of processing plants by agricultural cooperatives in association with private interests.

Already in the field of marketing and processing French agricultural cooperatives have been forming Sociétés d'Interet Collectif Agricole or SICA and in the field of production Groupes Agricoles d'Exploitation Collectifs or GAEC. The SICA are processing companies in which farmers or agricultural cooperatives must by law command at least half the votes and this has discouraged industrial and commercial interests from putting up capital.

The new ordinance proposes a new kind of processing company, the Société d'Interet Mixte Agricole, or SIMA. In the SIMA industrial and commercial interests will be allowed to provide most of the capital, and to have up to 70 per cent of the voting power. A "qualified majority" of more than 70 per cent will, however, be necessary for certain important decisions. A proportion of the profits of the SIMA will be returned to farmers in proportion to produce supplied as in a marketing cooperative. M. Debré, the French Economics Minister, believes that this form of organisation will encourage industrial and commercial interests to join with agricultural cooperatives in the processing of farm produce.

## INDIA

### THE KUDANTHAI OIL PRODUCERS

The ancient town of Kudanthai in Madras State, India, probably has more temples than any other in the world - there are more than three hundred of them. It also possesses, on the banks of the river Cauveri, a workers' productive society, the Kudanthai Country Chakku Oil Producers' Cooperative Society.

This society has been providing its twenty or so members with continuous employment since its foundation in March 1955. It is engaged in the crushing of oil seeds. More than half of these consist of ground nuts and most of the rest of gingelly, much of it imported from other parts of India as local supplies are inadequate. The Society also produces coconut oil on a limited scale.

In all it processes about 420 tons of oil seed a year. Local black seeds are blended with white seeds from northern India, and the oil and cake are stored and marketed by the society. Most of the oil is sold locally, some of it in bulk to hospitals, gaols and other government institutions, and production in 1965/66 was worth 750,000 rupees.

## UGANDA

### COOPERATIVE SCHEME FINANCED BY WORLD BANK

The International Development Association, an affiliate of the World Bank, has approved a credit of \$3.4 million to Uganda to help finance a programme for the development of tea production by African smallholders organised in cooperatives. The credit will be repaid over fifty years, beginning with an annual repayment of 1 per cent of the principal between 1977 and 1987, followed by an annual repayment of 3 per cent of the principal for the next thirty years. The loan will be interest free but an annual charge of  $\frac{3}{4}$  per cent on the amount withdrawn and outstanding will be made to meet administrative costs. This loan is part of the FAO/World Bank Cooperative Programme to increase food production.

Uganda already produces more than 11,000 tons of tea a year from about 26,000 acres, but nearly 90 per cent of this is grown on large estates. Under the new project about 9,700 acres, mainly in the south west, are to be planted with tea and about 5,500 smallholders are expected to participate in the scheme. It will provide subsistence farmers with their first cash crop, and enable them to raise their living standards.

About 4,000 acres are already planted with tea by smallholders. When the tea bushes of the new project mature it is expected that they will produce about 4,400 tons of tea worth about \$4 million, and that the scheme will bring in \$1.8 million a year in foreign exchange by 1986, and \$3.4 million thereafter.

The cooperatives will be organised by the Uganda Government's Uganda Tea Growers' Corporation, with help from the Ministry of Agriculture, Forestry and Cooperatives.

The total cost of the project will be about \$6.4 million, about \$840,000 of which will come from the Colonial Development Corporation. Funds from the International

Development Association will be used to help finance Uganda Tea Growers' Corporation, a training centre, the capital equipment for leaf collection, nurseries, planting material and fertilisers during the development period. The Uganda Government will be responsible for financing the processing factories. The International Development Association has already advanced Uganda \$10 million for education, and \$5 million for roads.

The Overseas Development Institute has published the third volume of its study on aid to Uganda. The first was on programmes and policies, the second volume on education, and the third is called "Aid in Uganda - Agriculture".

#### UNITED KINGDOM

##### MARKET RESEARCH IN AGRICULTURAL COOPERATIVES

The U.K. experience shows that market research may be vitally important in an agricultural supply cooperative just as much as in a marketing or multi-purpose society.

The Marketing Manager of Britain's Southern Counties Agricultural Trading Society contributed an article on the subject to a recent issue of "Farming Business", the monthly published by the Agricultural Cooperative Association. Larger agricultural purchasing societies, like other businesses, often find it necessary to undertake budgetary control and long term planning, and market research is essential if these are to be effective.

The society needs to know the size of the market and how it is changing in order to plan its investment and trading policies. Much statistical information is available in Britain from the Ministry of Agriculture, other government departments, trade associations and various official bodies. But market research, which needs to be undertaken by a trained economist, also involves direct investigation as by sending out questionnaires, by telephone interviews and by personal visits. Experience has shown that salesmen themselves are not the best people to undertake market research interviews.

#### U.S.A.

##### THE WORK OF FISHERMEN'S COOPERATIVES

There were one hundred and two fishermen's cooperatives in the U.S.A. at the end of 1966 and they had 10,124 members and operated 7,514 commercial fishing boats. The importance of cooperatives in the fishing industry can be gathered from the fact that there are some 128,000 professional fishermen in the country with 80,000 craft.

Sixty eight of the fishermen's cooperatives, two thirds of the total, operate on the Pacific coast, 22 of them in Alaska. There are 13 societies on the North Atlantic coast, mainly in Maine and Massachusetts, and 12 on the shores of the southern states, while there are seven based on the Great Lakes. The remaining two are in New Jersey.

Most of the U.S. fishermen's cooperatives both undertake marketing and buy supplies for their members. Some own facilities for unloading catches, cleaning, packing, filleting and quick freezing. They may also manufacture ice and packing boxes, supply market and price information and transport fish to the market.



While some cooperatives undertake processing, others may bargain with independent canners on behalf of their members. Some maintain cold storage warehouses, docks or laboratories for quality control. Others operate boat servicing stations or a workshop for repairing machines, boats and nets. No two societies are exactly alike but many of them are specialised. In New England, for example, they concentrate on lobsters, in Louisiana they are concerned with shrimps, while in Alaska the main catch is salmon.

AGRICULTURAL COOPERATIVES' SHARE OF MARKET

The market share of cooperatives in various farm products was as shown in the following table. The second column shows the change over the last ten years:

	<u>1964/65</u>	<u>Change since 1954/55</u>
Sugar products	86%	+ 27%
Dairy products	64%	+ 11%
Rice	60%	+ 6%
Nuts	42%	+ 20%
Grain and soybeans	34%	+ 6%
Fruit and vegetables	26%	+ 4%
Cotton and cotton products	24%	+ 11%
Tobacco	21%	+ 3%
Poultry products	9%	+ 1%
Livestock	13%	- 1%

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COOPERATIVES AND MONOPOLIES  
IN  
CONTEMPORARY ECONOMIC SYSTEMS

The I.C.A. announces the publication of the above, resulting from its important discussions at the meeting of the Central Committee in Prague in September 1967. For many years the I.C.A. has maintained an active interest in the question of monopolies because of their importance in the development of Cooperatives of all types as well as the effect on Consumers and Producers alike.

At its Congress in 1966, the question of monopolies was introduced by the Central Agricultural Union of "Peasant Self-Aid" Cooperatives, Poland, and a resolution tabled for that Congress was withdrawn by the sponsors on the understanding that the subject matter would be discussed by the Central Committee of the I.C.A. This discussion took place on 17th September in Prague with a special paper prepared on Cooperatives and Monopolies in Contemporary Economic Systems based on suggestions made by Professor Paul Lambert, who is a member of the Executive Committee of the Alliance and, on that occasion, acted as rapporteur. This paper is included in the volume now published together with a special paper and appendix prepared by the Research Department of the I.C.A. as well as Professor Lambert's speech of introduction and the text of the Resolution approved by the Central Committee. The publication also includes extracts of speeches made by members of the Central Committee. It is available in English from the

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

Price : 10 shillings



# Agricultural Co-operative

BULLETIN

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Nos. 11. and 12. November/December, 1967

## INTERNATIONAL

### 14TH FAO CONFERENCE

#### Main Theme "Meeting World Food Crisis"

The main theme of the 14th FAO Conference, held in Rome in November of this year, was "Meeting the World Food Crisis". In spite of the fact that FAO is gradually developing from an organisation of studies into an instrument of government for the discussion and improvement of agricultural policies at the international level, a lot still needs to be done if this organisation is to fulfill its task. Population in needy countries is still moving ahead of food production. The terms of trade between agriculture and manufactured goods do not give the developing countries enough chance to increase funds for initiating economic development or to service the debts incurred for this purpose. Neither have they the resources to subsidise agriculture. Although the subsidies are being reduced in developed countries, this measure in the short run is hitting those who have not got enough to eat, because it is resulting in a reduction in surplus stocks of food. The long term solution of this problem - international commodity agreements - is cumbersome and a long way from being achieved.

#### Indicative World Agricultural Plan

As an instrument for helping to bring countries together in the task of co-ordinating their agricultural policies and coping with problems of hunger, malnutrition, food production and commodity prices, the Conference agreed to the further work on the Indicative World Plan for Agricultural Development. The Plan, comprising the needs, demands and trade by 1975 and 1985, was criticised by the Conference, particularly on the grounds that it might be too ambitious and that it would be based on weak statistical documentation. But the delegates were assured by the previous Director-General, Dr. B. Sen, that the Plan should not be a direct operative Plan but an indicative or prospective Plan, intended to furnish an international frame of reference for member governments in their national planning - a framework within which donor and recipient governments can see more clearly the priorities in respect of external aid to agriculture in developing countries. With these and other reservations, the delegates authorised work on the Plan to be continued, but they made it clear that the first draft will need to be carefully scrutinised by the 1969 Conference, in order to win the approval of the organisation. For the purpose of this, and other extended work of the FAO, the Bi-annual Budget of the FAO was extended by 10 million dollars, to a total of 59.8 million dollars.

### Other Tasks of FAO

In the drive for increased productivity, the new programme of work emphasised the genetic improvement of crops, livestock and trees, the efficient and increased use of fertilisers, and ground water. The Conference also discussed the re-organisation of the FAO, and authorised its beginning with emphasis on strengthening the system of FAO country members. Concerning other actions, the Conference:

- Called upon member nations to contribute 200 million dollars in food, cash and services to the World Food Programme for 1969 and 1970. But while recognising the importance of food aid, the Conference said that, in the long run, the world food problem would have to be overcome mainly in the developing countries.
- Approved a new educational programme for better family living, aimed at heavily populated countries where food supplies are not keeping pace with population increases. Field activities would be undertaken only at the request of governments.
- Called for expansion of the FAO/Industry Cooperative Programme, stressing "the urgent need" for establishing plants to manufacture fertilisers, insecticides, and basic tools and machinery. Governments were asked to improve the climate for investment by industry.
- Approved a draft convention for the conservation and management of wildlife in Africa, aimed at preserving this tourist attraction and source of animal protein.
- Recommended that developing nations re-examine their development plans with a view to increasing the availability of such production resources as fertilisers, pesticides and farm machinery.
- Urged greater industrial production of low cost protein foods, making maximum use of meat, milk, eggs, fish and other conventional food sources plus non-conventional products such as flours made from single-celled algae and yeast.

Fish production is increasing rapidly and can contribute more to world protein supplies, but resources must be protected from over-

exploitation. Since high seas fisheries are property common to all nations, action to preserve them must be taken at an international basis. International cooperation and assistance are necessary to develop fully the world's fish resources.

- Endorsed efforts to involve youth in rural development as a continuing key point in the Freedom From Hunger Campaign.

#### Favourable Signs

Although the Conference was aware of the grave problems prevailing in the world food situation, it also noted favourable signs. One of the most encouraging features of the current situation, according to a report, was the rapidity with which farmers in some developing countries were taking to the use of modern production requisites such as fertilisers and improved seeds. High hopes were pinned to certain technological breakthroughs, particularly the new high-yielding fertiliser-responsive varieties of food grains. The present range of productivity between the highest and the lowest - four to one for rice, six to one for corn and eight to one for wheat - shows the greatest potentiality, but lack of trained agricultural and scientific man-power in the developing nations was the greatest bottleneck here.

The Conference welcomed the increased attention being given in many developing countries to the provision of adequate incentives for farmers, and stressed the importance of guaranteed minimum prices and assured markets if producers were to be convinced that it would pay them to increase their production and sales.

#### The Role of Cooperatives

The Conference also paid attention to the role of cooperatives already mentioned in the Agricultural Cooperative Bulletin No. 10 (page 1).

The Technical Committee on Economics of the FAO Conference discussed the importance of the promotion of popular participation in self-help organisations, including cooperatives and farmers' organisations, among rural populations, and recommended collaboration in this area with organisations such as the I.C.A., IFAP and AARRO. It urged the Director-General to stimulate the interchange of information on this subject between member countries.

Being informed of proposals for joint action involving FAO, I.C.A. and IFAP, and possibly ILO, with the objective of coordinating and improving the availability of technical assistance and financial aid to agricultural cooperatives in developing countries, the Conference recommended that the proposal be further developed with a view to arriving at joint action programmes.

#### Statement of the Chairman of the Agricultural Committee of the I.C.A.

Dr. L. Malfettani, the Chairman of the Agricultural Committee of the I.C.A., made a statement at the Conference in which he stressed the value of following up the problem of expanding the cooperative processing of agricultural produce. In this way the FAO, I.C.A. and IFAP would get involved in a discussion of a joint programme, possibly with ILO, with the aim of coordinating and improving the availability of technical assistance and financial aid to agricultural cooperatives in developing countries. He drew attention to the opportunities of technical assistance being

conveyed to cooperatives by means of contracts between the I.C.A. and either the United Nations Technical Assistance Fund or the United Nations Agencies, just as the national governments had agreed to make contracts with their national cooperative movements to undertake projects for them. He stressed that experience had shown that practical training done in this way could be more effective because of the fact that cooperators understood cooperators better than they understood experts recruited from elsewhere, and because cooperative work by its nature was closest and most intimate to farmers. In addition to this, the I.C.A. not only working for farmers cooperatives, but also being composed of farmers cooperatives, was in a position to recruit the best and most suitable staff. Commenting on the State of Food and Agriculture 1967, and the role given to cooperatives, Dr. Malfettani emphasised that in some countries cooperatives achieved even more than establishing a multi-purpose type of organisation in rural areas. In Japan and certainly in India, farmers organised the processing industries in order to get better and steady prices. They built, or were building, cooperative fertiliser factories in order to get cheaper fertilisers. This was being achieved with the hard work of farmers organisations and with government support, and he drew the attention of the delegates to the potentialities of this field.

Then he went on to explaining the work of the Agricultural Committee of the I.C.A., the creation of the Fisheries Sub-Committee and a Sub-Committee for the agricultural cooperatives in South-East Asia. The Regional Sub-Committee in South-East Asia would act in all matters which were relevant to improving the work of agricultural cooperatives, and would be a link between the world agricultural cooperative movement and the region. The Sub-Committee had recognition by the fact that the final document of the 3rd Asian Agricultural Cooperative Conference entrusted it to carry out the deliberations of that Conference. Gaining in efficiency the I.C.A. was trying to establish similar regional bodies in other developing areas of the world.

#### Election of New Director-General

The 14th Session of the FAO Conference marked the end of eleven years of leadership by Dr. Binay Ranjan Sen of India, who was succeeded by Mr. Addeke H. Boerma of the Netherlands, for the past five years chief executive of the UN/FAO World Food Programme. Mr. Boerma will assume a four-year term of office as Director-General on 1st January, 1968.

### IFAP STANDING COMMITTEE ON AGRICULTURAL COOPERATIVES

#### Topical Problems Reviewed

The IFAP Standing Committee on Agricultural Cooperatives had its meeting in Rome from the 2nd to 4th November of this year. The meeting discussed major problems of cooperative policy in member countries: policies pursued in order to solve problems of financing farmers' cooperatives with special reference to the trend towards concentration and vertical integration. Legislation affecting farmers was reviewed; practical problems concerning the promotion of cooperation in developing countries were discussed and reports on cooperative activities and views were exchanged on possible revision of the 1957 policy statement on agricultural cooperatives were discussed.

## Major problems of cooperative policy

The discussion revealed that the major problems of cooperative policy depend very much on the situation in any particular country. Nevertheless, most countries are affected by forces demanding structural changes and bigger units. The question arises whether cooperatives are lagging behind the general development, whether they compete effectively with big concerns, and what their position is. This leads to the question of the real function of cooperatives. Are they a basic element or only a balancing element in the national economy? It was emphasised that the pledging of support as for example in supplies, may indicate that farmers are willing to accept amalgamations. Another crucial element is education and it is through education that farmers can be convinced that structural changes will improve their position. The message to be given to the members in this respect must be clear. On the other hand, there have been occasions when farmers have pressed for amalgamation, as for example in a Danish bacon factory, and have then called for it to be closed down so they could join the neighbouring factory which paid better prices.

## Financing and investment problems

From the discussion, the following problems emerged:

1. In spite of the fact that more funds can be mobilised in agricultural cooperative organisations by using more inventive methods, outside finance is still necessary. A definite gap exists between the needs and the own resources of agricultural cooperative organisations. Factors which contribute to the ever increasing needs of agricultural cooperatives for finance are the increasing size of farms and structural changes in agriculture and the modernisation required; the entering of non-farming interests into farming and the competition arising out of it; the need for more integrated business units as provided by the processing plants and marketing organisations of agricultural cooperatives.
2. The need for outside finance is often disguised by the fact that agricultural organisations do not want to lose independence by taking loans under difficult conditions, and the problem of the needed finance is sometimes not brought forward with enough vigour.
3. Although structural changes are making the supply of finance more difficult, there are some factors which contribute to the better use of self-finance and outside finance. Thus, basic cooperative units may grow into suitable instruments of guarantees for smaller organisations. Moreover, the interest in cooperative ventures is increasing on a much larger scale than for farming itself.
4. In many countries industry is also financed by outside sources, even by governments, and not only within the scope of its own funds. There are various practices and needs of agricultural finance in various countries which could be used and combined. In some countries agriculture subscribes compulsory savings on a limited interest rate on the one hand, but it has to tap the private capital market for additional resources at high rates of interest on the other hand.

5. Farming is becoming more business-like, the commercial banks can, and are becoming keener to finance agricultural cooperatives, especially in financially self-liquidating schemes.

All these factors speak for the fact that more inventive methods for tapping not only inside, but outside resources are to be used.

#### Effective business under cooperative laws

The discussion on this problem was concentrated mainly on the project for a new law on cooperatives in France. The present law caters exclusively for cooperatives. They do not pay income tax and there is no revaluation of share capital. There is unanimous voting. However, the law is considered to be a drawback to expansion. A more flexible statute is being proposed, abolishing exclusiveness and allowing revaluation. However, it looks as though the new draft only meets cooperative needs to a limited extent. Cooperatives will remain civil organisations, but some of them will be accepted as commercial organisations. They will have the right to sell to non-members a certain proportion of their output. The tax interest of the government has been very much stressed, but freedom like that in Germany and the Netherlands has not been guaranteed. Nevertheless, there is still room for negotiations and they are still taking place.

In the E.E.C. countries there are national laws for cooperatives, but for companies an E.E.C. law is in preparation. This will not be effective unless there is a common system of taxation in the Community.

#### Assistance to cooperatives in developing countries

A report was given on the preparation of the forthcoming meeting of experts on problems of agricultural cooperatives and other agricultural associations to be held in Niamey, Niger. Countries represented at this meeting will be Cameroon, Kenya, Mali, Niger, Nigeria, Senegal, Tanzania and Uganda.

The discussion on this problem showed that some countries would be able to mobilise some money for technical assistance if more information on developing countries from IFAP could be obtained. This would help industrialised countries to judge whether requests for technical assistance from developing ones are reasonable.

The delegates used the presence of the representative of the FAO to discuss the joint FAO/ICA/IFAP programme to promote technical assistance and financing of agricultural cooperatives in developing countries. It was understood that a definite draft proposal is expected from the FAO to the organisations concerned. Some delegates at the meeting thought that other countries would do well to follow the example of Sweden where the government organisations provide finance for K.F. to help cooperative movements in developing countries. Some representatives thought that there were still untapped resources in their countries and most of the speakers believed that assistance could be increased but that concrete projects were needed. The I.C.A. was represented at this meeting by its Agricultural Secretary.

#### MEETING OF CIRCOM

The International Research Centre for Rural Cooperative Communities (CIRCOM), held a Conference in Geneva in October of this year. 18 representatives from 10 countries took part, including the FAO, ILO and the U.N. Research Institute. The



I.C.A. was represented by Mr. B. Zlataric, the Agricultural Secretary. The Co-Sponsors of this Conference were the ILO and the U.N. Research Institute.

The following problems were discussed: the adaptation of the methods of co-operatives in agriculture to the traditional patterns of rural communities; the role of group action, especially cooperation, in the integration of industrial, agricultural and non-agricultural employment in rural areas; and major research projects related to cooperative rural communities conducted by different international agencies. A report was given on the work of CIRCOM, and suggestions were made for two international symposia: "The role of cooperative organisations in the industrialisation of rural areas and the development of rural regional centres", and "Democratic management and economic efficiency in cooperative rural communities".

#### WORLD FOOD PROGRAMME

The 12th Session of the United Nations FAO Inter-governmental Committee of the World Food Programme was held in Rome in the second week of October. 22 of the 24 members of the Committee were represented and other governments and the Holy See sent observers. A number of inter-governmental organisations and non-governmental organisations were represented, and the I.C.A. was represented by Dr. L. Malfettani and Dr. F. Cortesi.

The Executive Director of the Committee said that the Programme had been running for five years, and that 245 development projects had been launched at a cost of 218 million dollars. 57 emergency operations had cost 44 million dollars and 11 new projects costing 25 million dollars were to be submitted to the Committee for approval. He surveyed the work of the World Food Programme, and representatives of the Director-General of the FAO and the Secretary General of the United Nations also spoke.

The Committee went on to discuss emergency operations, projects already approved and cooperation with other agencies, and subsequent debates covered the role of the World Food Programme in supporting animal husbandry projects, the establishment of price stabilisation schemes, procedures for approving projects and the feasibility of multi-lateral food aid in support of national development programmes.

The World Food Programme was first set up on an experimental basis in 1962, and uses food as capital for economic development besides helping out in emergencies.

#### Pledges of support

The report of the Executive Director showed that during the experimental period ending in December 1965 the commodity pledge by Turkey had been increased by 4,184 dollars, and that an outstanding pledge of 925,925 dollars by Canada for commodities had been carried forward to the period 1966-68. On the other hand, a services pledge by Italy and a cash pledge by Indonesia had been reduced, and pledges from Iraq and Pakistan had lapsed as a result of adjustments in exchange rates.

For the period 1966 to 1968, however, Botswana, Denmark, Ireland and Libya had increased their pledges and a new pledge had been given by Guinea. Pledges from Chile, France, Norway and Syria had been amended in the light of exchange rate adjustments, and a 486,111 dollar Swiss pledge had been converted from a cash to a commodity basis.

Since July 1967 pledges had been received from Cambodia for 1,000 dollars, from the Sudan for 7,000 dollars, from Malawi for 1,391 dollars, from Kenya for 1,440 dollars, all in cash; and from Ceylon for 52,000 dollars in tea.

The new pledges are in addition to any food which may be channelled through the World Food Programme under the recent Food Aid Convention, part of the new International Grains Agreement, which proposes that 4,500,000 tons of grain should be given annually as food aid.

A Pledging Conference is scheduled for January 1968 in New York to enable member nations of the U.N. and FAO to announce their pledges.

## FREEDOM FROM HUNGER CAMPAIGN ACTIVITIES

### Cooperation between FAO and Industry

At the 13th Session of the FAO Conference in 1965 the FAO/Industry Cooperative Programme was launched to help foster the growth of industrial development ancillary to agriculture in developing countries. A number of projects are under way and some 46 senior executives of multi-national companies have become members of the programme.

In 1965 the Programme was instrumental in bringing together in Turkey the state operated sugar industry, an agricultural cooperative and local and foreign private interests in a project to produce tomato paste. Foreign industry is supplying technical and managerial advice, and will buy the tomato paste for international marketing. The new industry is based on UNPD financed FAO field work, and feasibility studies are being undertaken in respect of other Turkish fruits and vegetables with a view to the expansion of processing activities.

## FRANCE

### NEW FORMS OF COOPERATIVES AMONG FISHERMEN

Informal cooperative arrangements have existed among fishermen for centuries, but it was only at the beginning of the 20th Century that real cooperatives began to be formed by fishermen. The formation of fishermen's mutual credit societies in France was helped by the formation in 1909 of the Crédit Maritime Mutuel, which had substantial funds at its disposal.

Fishermen have long been dominated by powerful suppliers and buyers in the same way as farmers. The early supply cooperatives were formed to break the power of these merchants, such as those in Norway who supplied French sardine fishermen with salted cod eggs. These supply cooperatives provided small fishermen with fishing equipment, ropes and food, as well as bait, and later with fuel and lubricating oil for the engines of their boats. Fishing boats became larger and made longer voyages, and cooperatives began to supply dinghies and lance-mooring rockets. Federations of supply cooperatives were formed, mainly in Brittany, and were ultimately able to supply all French fishermen with bait for sardine fishing. Insurance needs grew with the size of fishing boats, and federations of mutual insurance societies were also formed.

## Processing Cooperatives

Processing is necessary for the marketing of sardines, mackerel, tuna and other seasonal fish because of competition from frozen and from fresh fish, and from fishermen in Portugal, Spain, Morocco and Senegal. Fishermen's cooperatives in France formed in 1959 an organisation called Pêcheurs de France, which has built six processing factories, including one at South Finisterre, one at Audierne and one at St. Jean de Luz, and one at Dakar jointly with another organisation. There were many technical problems but this organisation has done much to stabilise prices, to improve quality standards and sales and to help fishermen in other ways.

The problems of marketing fresh fish have been even more formidable, partly because most French fishermen operate on a small scale. The industry has been in need of rationalisation, and in the last four years eleven marketing cooperatives have been formed, and market over 11,000 tons of fish a year. Last year marketing cooperatives enabled fishermen at Port-en-Bessin to increase their prices by 20 per cent while prices to the consumer did not change, and at Sète sardine fishermen were able, by forming a cooperative, to earn 30 centimes more per kilo.

Supply, production and marketing cooperatives have also been formed by oyster breeders. In some areas natural oyster beds have been nearly exhausted, and it has become profitable to breed them specially. Some cooperatives, such as SCORB at Brest, have had spectacular success and their flat oysters are known throughout France for their quality.

## The A.C.A.F.

During the last ten years French fishermen, particularly those in Brittany, have had to make longer voyages and to use larger boats. It is usually beyond the capacity of French fishermen to acquire such boats from their own resources, and three years ago a society called L'Armement Coopératif Artisanal Finistérien was formed at Quimper with the object of enabling fishermen to acquire larger boats without becoming dependent upon merchants in order to finance them.

The A.C.A.F., with the help of the Marine Marchande, the Crédit Maritime and the Caisse Centrale de Crédit Coopératif, has launched six modern steel boats, three 26 metres long instead of the usual 19, two 32 metres long and one 34 metres long. The first three, which are based at Guilvinec, have a loading capacity of 110 tons, more than double that of the ordinary wooden fishing boats, and the 26 metre boats have a loading capacity of 178 tons. All these are of classic design but the biggest boat, with a capacity of 210 tons and based on Douarnenez, is designed for fishing from the stern. In addition, the A.C.A.F. helps fishermen to acquire smaller boats of 50 ton capacity which cost about 400,000 francs. The Crédit Maritime Mutuel is only able to provide 200,000 francs and fishermen themselves rarely have more than 60,000 or so at their disposal. The A.C.A.F. enables them to avoid dependence on their suppliers or customers, and the fishermen are able to repay funds advanced by A.C.A.F. as soon as they are in a position to do so. Ultimately the ownership of the vessel will pass either to the skipper or to the whole crew. Eight new boats have been launched with the help of A.C.A.F. which has enabled the fishermen concerned to replace old boats.

## The G.P.A.L.

The Groupement des Pêcheurs Artisanal Lorientais (G.P.A.L.) was formed very recently by eleven fishermen of Gâvres who wanted to undertake their fishing

cooperatively. They maintain joint accounts and place orders for new boats, supplies and repairs jointly, also marketing their fish cooperatively. But the cooperative has been formed so recently that it is too early to express an opinion on its prospects.

Equipment cooperatives like A.C.A.F. may before long be giving technical and commercial help to isolated fishermen and expanding their services for the maintenance and repair of fishing boats. This form of cooperative may expand fairly rapidly, and a national organisation of fish marketing cooperatives is likely to be formed before long. There has been significant progress by fishermen's cooperatives in France in recent years, but much remains to be done, particularly in the field of education. Fishermen need to understand the problems with which they are faced, and to appreciate the need for modernisation.

## GHANA

### THE VOLTA RIVER HYDRO-ELECTRIC SCHEME

The creation of a new lake of 3,375 square miles as a result of the Volta River Hydro-electric scheme in Ghana has made large scale resettlement necessary.

The Ghana Government is to acquire land compulsorily and the World Food Programme will provide food aid if the necessary clearing equipment is forthcoming. Resettlement is planned in 52 villages near the new lake and the settlers are to be provided with facilities for improved agriculture, based on cooperatives and modern techniques of land development.

This project was one that had yet to be approved by the Inter-governmental Committee of the World Food Programme as worthy of support.

## SUDAN

### RESETTLEMENT AT KHASHM EL GIRBA

Some 50,000 people in the Wadi Halfa district of the Sudan have been compelled to move as a result of the flooding of their land following the construction of the High Dam. The waters from the High Dam will be used, in addition to current needs, to irrigate two million acres in Egypt and five million in the Sudan.

The people from the flooded land are being resettled at Khashm el Girba, eight hundred miles to the south east, and in 1964 a dam was built there on the Atbara river to produce a reservoir with a capacity of 1,700 million cubic yards. The dam provides power for a sugar factory with a capacity of 4,000 tons of cane per day, and also for public buildings and industrial uses.

Some 65,000 hectares have been allocated to the settlers from Wadi Halfa, and about 22,000 hectares to the cultivation of sugar cane. The scheme is modelled on the Gezira scheme and the settlers have tenancy agreements with the Government. Cotton, wheat and groundnuts are grown on the rented land, and settlers also have some freehold land which they can crop as they like. 24 multi-purpose cooperative societies are operating under the guidance of the Department of Cooperative Societies, and the Agricultural Extension Service of the Ministry of Agriculture. This has been one of the more successful projects with which the World Food Programme has been associated, and more help is being given.

## TURKEY

### PROGRESS OF CREDIT COOPERATIVES

By the end of 1966 there were 1816 credit cooperatives in Turkey, an increase of 82 over the previous year. 672 of the rural credit cooperatives have less than 500 members, 917 have between 500 and 100 and there are 227 having a membership of more than 1,000. Assets of cooperatives increased during 1966 by £2,464,000 reaching over £16,500,000.

Credits granted by the Agricultural Bank during 1966, including those carried forward from the previous year, amounted to over £78,000,000 to cooperatives, and to over £90,000,000 to individual cooperators, a considerable increase over 1965.

Multi-purpose cooperative societies established only in recent years have made considerable progress. Profits realised in the sale of agricultural chemicals have risen from over £800 in 1965 to over £5,470 in 1966. Sales of agricultural tools, implements and machinery have risen during the same period from £1,483 to £200,000. There were 48 forestry societies in 1966 against 44 in 1965. These societies are engaged in raising poplars and fruit trees.

The rural credit cooperatives were established by a law passed in 1935. This law does not take account of recent developments and the Agricultural Bank has prepared a new draft law amending the existing law which is to be submitted to the Department of Commerce. The new draft law will ensure to meet the farmers' needs of short and medium term operation and re-equipment credits, to purchase the consumer goods needed by the farmers for their agricultural production activities and daily requirements, and distribute such goods under credit, to facilitate the marketing of products, to develop and evaluate handicrafts, to improve their technical and professional skills and know-how, to initiate activities in the social and hygienic fields and to perform insurance formalities for their members.

Specialised courses of 4 to 4½ months duration are held to train administrators. In addition to these courses at national level there are regional courses lasting 15 to 25 days dealing with topics of practical nature.

The Bank publishes a quarterly "Cooperative Chronicle", and also provides educational films dealing with a variety of subjects, for example "Cooperation", "Rural Credit", "Animal Husbandry", etc.

## TANZANIA

### COOPERATIVE SETTLEMENTS HELPED BY W.F.P.

Many of the projects supported by the World Food Programme have involved the formation of cooperatives. One of these was the project for cooperative village settlements in Tanzania, which was launched in 1963 after having been approved by a World Bank Mission. The Rural Settlement Commission was established to promote these settlements, and the Village Settlement Agency set up as its executive arm. The latter became a Division of the Ministry of Lands, Settlement and Water Development.

It was planned to create some 74 pilot village settlement schemes under which about 250 families would be settled on from 6,000 to 10,000 acres, with economically

viable holdings worked on a cooperative basis. It was estimated that each scheme might cost 420,000 dollars. Help was provided by a U.K. Commonwealth Assistance Loan, by the Irish Freedom From Hunger Campaign and by Oxfam, as well as by the World Food Programme. A number of spontaneous settlements were brought into the scheme as well as seven settlements operated by the Tanganyika Agricultural Corporation, and three cotton growing settlements started by an Israeli company.

The World Food Programme was closely associated with eleven of these village settlement schemes from 1963. Deliveries of supplies of food were arranged between 1964 until July 1966, continuing in three cases until March 1967.

The idea of village settlement was enormously popular with the people although they involved rapid change in rural social organisation. But generally speaking, the settlements were unable to support the social amenities that had been envisaged. Most of the settlements produced food crops on a subsistence basis, but were unable to produce cash crops on a scale sufficient to cover the cost of housing, water supplies, health services and education in the way that had been hoped.

In 1965 the Tanzanian Government realised that these projects for cooperative village settlements had been over-ambitious, and adjusted its policies so as to provide economically viable settlements with a standard of social amenities that could be sustained. It was not always practicable for settlers to produce cash crops cooperatively, and in many cases land was subdivided and allocated to individual farmers. Problems also arose as a result of a tendency for some of the members of the village settlements to market their cash crops themselves, instead of doing so through their marketing cooperatives.

Of the individual schemes supported by the World Food Programme, that at Matwiga produced tobacco as a cash crop, and is likely to be supporting 500 settlers in 1968. At Byombe the cash crop was cotton but the land was difficult to work and help from the Village Settlement Agency as well as that from the World Food Programme has been discontinued.

At Mkate the scheme was started to relieve unemployment in a town forty miles away, and sales of cotton brought in 6,300 in 1965. But yields were low and prospects poor. At Kerege, on the other hand, coconuts and cashew nuts as well as vegetables were produced, and cattle were brought in. A modern dairy is operating reasonably well, and since the withdrawal of support from the World Food Programme the settlement has become self-supporting.

At Kabuku substantial capital and technical help was provided by the Amboni group of estates. It was one of the more successful schemes, and was regarded as self-supporting in March 1967, but has been affected by the world price of sisal.

The eighty families at Bwakira chini produce cotton, sesame, rice, maize, sorghum and peas as cash crops, as well as groundnuts, but difficulties have been encountered and costs are increasing.

At Galu seventy settlers were recruited, but the scheme was not economically viable and nearly half of them had left within eighteen months, and most of those that remained were not dependent on the settlement for a living.

At Mlale some two hundred families were settled on 6,000 acres, and produced tobacco cooperatively, as well as erecting many buildings, but costs were high and only 64 families remained after three years.

The scheme at Upper Kitete in the Arusha region is probably the most successful in Tanzania. One hundred families settled on 6,500 acres and had private plots of three acres on which they grew beans, maize and other crops. But in addition some 1,200 acres are farmed cooperatively, wheat being grown with the help of modern machinery, the land yielding in 1965-66 some 6.7 bags per acre. This brought in 57,600 dollars, and, with the crops of the previous two years and after the distribution of part of the profits to members, some 78,660 dollars were retained by the cooperative.

By 1965 the settlement had a dairy herd of 265 cattle and also had 78 sheep, and 154 steers were bought, fattened and sold. Permanent houses have been built, and also a school and a dispensary. Assistance from the World Food Programme ended in December 1966, when the last group of settlers became self-supporting.

At Rwankoma 133 families are settled on 10,000 acres, and cotton is the main cash crop. A water supply dam, a dispensary, a school and a community centre have been built, but cotton yields are low and the scheme is not yet able to cover recurrent costs.

At Kingorongundwa in 1965 some 905 acres were planted with maize, soybean, sesame, rice and groundnuts, which brought in 3,500 dollars, but the settlers were later driven out by floods.

Support from the World Food Programme for all the village settlements in Tanzania has now been ended. Although it has not enabled them to achieve living standards as high as had been hoped, cooperative farming has shown its value in some of the more successful ones.

#### U.S.A.

#### VARIETY OF FISHERMEN'S COOPERATIVES

According to the Bureau of Commercial Fisheries of the Fish and Wildlife Service of the U.S. Department of the Interior, there were 102 fishermen's cooperatives in the United States at the end of 1966, with 10,124 members. The members of these cooperatives owned and operated 7,514 commercial fishing boats.

Most of the fishermen's cooperatives are on the Pacific Coast, 68 of them, making about two thirds of the total. There are 13 on the North Atlantic Coast, and 12 on the South Atlantic-Gulf Coast. Of the remainder 7 are in the Great Lakes, and 2 in New Jersey. Many of the cooperatives specialise in their catches according to the region in which they operate. Those in Maine, in the North Atlantic, specialise in lobsters, the four fishermen's cooperatives in Louisiana land only shrimps, and most of those in Alaska concentrate on salmon.

Because fishermen's cooperatives were organised to solve a problem unique to the fishermen of a particular area, no two are exactly alike. A fishermen's cooperative may be in business to bargain for, market, or purchase fish and fishing supplies, or it may combine these activities. A fishermen's bargaining cooperative appoints a

committee from the membership to negotiate conditions for the sale of fish. A marketing cooperative accepts its members' products for sale to dealers, processors and wholesalers. It may even provide all the marketing facilities and services needed to move the product from fisherman to the wholesale or retail outlet. A purchasing cooperative pools marine gear and other supply needs of its members, and buys these at substantial savings.

Many fishermen's cooperatives perform both a marketing and purchasing function. They take the fishermen's catch and process it for later sale, and at the same time stock and sell the supplies and equipment the fisherman needs. Many of the fishermen's cooperatives in the United States provide various services for their members. They own facilities for unloading catches, cleaning and packing, filleting and quick freezing, and cold storage. They also manufacture ice and packing boxes, keep records, supply market and price information, and transport products to markets.

Among other functions, fishermen's cooperatives operate boat-servicing stations for exclusive use of their members; run shops for repairing machines, boats and nets; maintain freezers and cold storage warehouses; provide dock facilities; maintain laboratories for quality control and develop patents and trademarks.

In a marketing cooperative, net returns include the sale price of the produce less the cost of doing business and the amounts set aside for stock dividends (if any), reserves, and other funds. In a purchasing cooperative the patron pays the wholesale delivered cost of items plus a "Cost of operating". The net return to the cooperative's members is then whatever is left over after setting aside reserves and meeting the cost of doing business.