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ON
COOPERATION

21

International
Cooperative

Movement
—Tradition
and
Change

Speech by

S. K. SAXENA

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International Cooperative Alliance, and Senior Consultant,
to the Swedish Cooperative Centre at the First IFFCO
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International Cooperative Alliance

*Headquarters : 35 rue des Paquis, B. P. 862,
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Dr. S.K. Saxena

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International Cooperative Movement —Tradition and Change

Mr. Chairman, Fellow Cooperators, Ladies and Gentlemen :

Thank you very much, Mr. Chairman, for that generous introduction. This lecture, has been established in memory of Pandit Nehru, our first Prime Minister for almost two decades. It is entirely appropriate that this should have been done and I congratulate IFFCO for having taken this initiative. During the period of his stewardship of the country, Pandit Nehru laid the foundations of a free and independent India—by emphasizing and creating an infra-structure for a progressive India. And what has been even more important—he influenced, through his herculean efforts, the attitudes of our people which have

been helpful in the creation of a society that is increasingly becoming modern. Summarizing some of Panditji's qualities, Collins and Lapierre say : "In a land of mystics, he was a cool rationalist. The mind that had exulted in the discovery of science at Cambridge never ceased to be appelled by his fellow Indians, who refused to stir from their homes on days proclaimed inauspicious by their favourite astrologer." Pandit Nehru was not involved in the practical world of the Cooperative Movement; it is for this reason that one looks in vain for explicit references to cooperatives in his writings : I am referring to his Autobiography. The Discovery of India, Glimpses of World History and A Bunch of Old Letters. There are, of course, indirect references when he discusses the role of small scale industries and the more recent controversy on Cooperative Farming which as we know led to some unexpected political developments. Yet, the intellectual that he was, he saw with astute prevision, the social, economic and egalitarian potential of Cooperation in moulding Indian society. In the thirties, when the National Planning Committee had been set up by the Congress, he emphasized the contribution the movement could make to the development of the country. And while the head of the Government, when the Report of the Rural Credit Survey came out in the early fifties, he did not flinch from giving what was a remarkable intellectual appreciation of the essence of the Cooperative Movement—the need for people themselves to organize and run cooperatives without official interference. And, in 1960, when inaugurating ICA RO's first education

activity on "Cooperative Leadership in S. E. Asia", he made the famous remark which has been so often quoted; "I want to convulse India with Cooperation."

When the earlier Five Year Plans were formulated and emphasized the creation of large irrigational and industrial facilities, I remember Panditji referring to them as modern temples. One such temple, I submit Mr. Chairman, is the Indian Farmers' Fertiliser Cooperative, a remarkable organization which serves the Indian Farmers.

IFFCO

Conceived in November 1967 as a Cooperative to own and operate its own fertiliser plants with a seed capital of Rs. 2.5 million, IFFCO was set up with the support and collaboration of a number of agencies. At the Central Committee meeting of the ICA in Budapest in the seventies, the fascinating story of such collaboration was described in the general debate on International Cooperative Collaboration. Under its bye-laws amended in August 1978, IFFCO's membership is open to agricultural cooperative organizations at various levels including primary cooperatives engaged in different farming activities. The NCDC and the Government of India are also entitled to membership with the proviso that this can be retired subject to mutual agreement between IFFCO and the parties concerned.

At present, IFFCO has got three plants in operation, two manufacturing ammonia and urea

in Kalol and Phulpur and the third at Kandla in Gujarat producing complex fertilizer products.

As one of IFFCO's publications says : This unique experiment in Cooperative ownership of a sophisticated, capital intensive industry has now come to occupy pride of place in the Indian fertiliser industry in performance, efficiency and service to the farming community". Since service is the ultimate goal of a cooperative society, let me give some details on this aspect.

IFFCO maintains qualified extension staff. Through its 367 Field Representatives, it organizes demonstrations, block sowings, farmers' gatherings, films and other information on different crops. In 1981-82, it organized 565 Field Days which were attended by over 68,000 farmers, a number of Co-operative training workshops were arranged, over 25000 soil samples examined and results conveyed to farmers with regard to fertiliser use. A seed multiplication programme has been initiated in the U.P., Punjab and Haryana and collaboration has been established with the National Seed Corporation.

Under the Village Adoption Programme, IFFCO has adopted entire villages to assist in improving overall agricultural practices and socio-economic conditions. After a certain period IFFCO moves on to other villages, although liaison is maintained with old villages. A Family Welfare Education Project has been initiated with the help of ILO and the UN Fund for Population Activities. And, under the label CORDET, a

Cooperative Rural Development Trust has been established for developing professional leadership for improving agriculture in villages.

Finally, in keeping with its traditions of international birth, IFFCO has been participating in a joint venture in Senegal—I might mention here that I have also informally suggested to the Government of Zimbabwe to approach IFFCO for similar assistance. KRIBHCO has been organized and three more national cooperative societies in the fields of tourism, jute marketing and film development are being supported by it. In 1979-80 it earned a profit of about Rs. 215.8 million with a total turnover of Rs. 1391 million.

All this, I submit, Mr. Chairman, is vital, important work in promoting and improving agriculture; IFFCO has become a master force for development and although much remains to be done, IFFCO must share the credit in reducing the vulnerability of Indian agriculture.

Mr. Chairman; allow me at this stage to offer two reservations. What I am going to say is not backed by practical field research, my comments are rather my own reflections, subjective as reflections must be, but based nevertheless on my experience and familiarity with most cooperative movements in the world. Within the limited time available for preparation, this was the only way of saying something which I hope will be worthwhile.

Secondly, I will be selective in choosing the

issues I shall treat in the next forty minutes or so. These may appear desperate but they are, I believe, germane to the present situation. I could have chosen the familiar themes of cooperative management, capital formation, pricing policy, relations with para-statal bodies—issues all important in themselves, but they have been treated extensively in cooperative literature. I will concentrate on the problems which affect the efficiency of the movement—more specifically the areas of structural reform—then give some attention to selected international aspects of the movement and conclude by examining briefly the state of cooperative principles. In selecting these issues, I have been guided primarily by the fact that the traditions of the Cooperative Movement must compel us to combine thinking with feeling, rather than adopt the dry, cause—and—effect, surplus maximization approach which, though essential, does not provide comprehensive answers to problems which society faces today.

I have titled my subject : “The International Cooperative Movement : Tradition and Change” Pandit Nehru’s outlook was nothing if not international; he wanted to be unfettered by the heavy hand of tradition. The more I see cooperative movements the world over, the stronger is my impression that we are locked into specific and often, static positions and that there is an urgent need to generate a debate which will give full interplay to the dialectic of the pro and the con. Unless we bring to bear an open and restless mind on problems of the Cooperative Movement, we

will be witnesses to its dwindling influence on contemporary affairs. We have, I am afraid, succumbed to what may be called social "mimesis" and acquired the characteristics of the environment; we have taken, lock stock and barrel our organizational models from the profit-making enterprise;—our administrative apparatus, the Board of Directors, the Chief Executive Officer, the structure of the balance sheet, the producer-consumer dichotomy. It is no wonder then that we come up with rather strange conclusions in our evaluation of the Cooperative Movement. There is need to radicalize our thinking and to formulate concepts relevant to the cooperative mode.

In underlining these aspects where I feel fresh thinking is needed. I shall try to combine boldness with realism although prudence must dictate the careful balancing of practical considerations in evolving policies for individual movements. Over-all perceptions are not rendered meaningless by the unending variety of situations; they only define what makes a movement.

The International Scene

Let me, then sketch briefly the main features of movements in different continents. In all countries I have known and visited, cooperative organisations exist in one form or another. My recent attendance at the Continental Assembly of the Organization of Cooperatives of Americas in Ecuador has confirmed my impression of the diversity of cooperative activities in that continent. From Peru in the West through the United States,

Europe, Africa and Asia in the East, cooperative organizations have existed to provide essential services to their members in many fields. The credit unions in Peru, as exemplified by the Santa Elisa Credit Union, are probably the most rapidly growing cooperative organizations in that part of the world. The cooperative bank in Ecuador, consumer cooperation in Medellin, Colombia, and the large consumer, housing and agricultural cooperative developments as evidenced in El Hogar Obrero's work in Argentina, are worth noting. Two rather well identifiable currents have shaped the cooperative movements in Latin America. The first originated in the 19th century in the southern cone of Latin America and was largely influenced by the immigrants from Germany and Italy where the ideas of Raiffeisen were influential. The idea of mutual aid funds progressed; societies were organized on cooperative principles and credit services provided to members. In those days particularly—this is probably true even now—the services of banking institutions were slanted in favour of the affluent groups who could offer security and hence higher profitability ratios on loans they obtained from the banks. These developments in the southern cone of Latin America, for reasons of distance and difficulties of transport, could not be multiplied in other countries.

The second current was influenced by the Catholic church and the papal encyclical regarding "the people's participation in the processes of global, social and economic transformations".

The social secretariat of the church began the training of young leaders, people were sent to Europe, Canada and the United States for further training and church workers spread the idea in several Latin American countries, especially in Peru, Puerto Rico, Bolivia, Mexico, Venezuela and Colombia. The influence of St. Francis Xavier University in Antigonish, Canada, has been important. I do not intend to give you a history of the Latin American situation; let me just say that by and large, the concentration of cooperative activity has been in fields of thrift, credit and agricultural production.

In the United States and Canada, the cooperative movement displays a remarkable range of activities in agricultural marketing, processing, etc. as well as the credit union movement (the caisses populaire net work in Quebec is extensive and dynamic). In both countries, it is true to say that the consumers' cooperative movement has been comparatively weak; the consumers' movement came late on the stage when private distributive channels and organizations had been firmly established; efficient retailing techniques and intense competition had cut margins to the bone. Moreover, consumers' choice is adequate—in fact some maintain it has probably run wild—and if consumer cooperatives were to disappear tomorrow from North-America, nobody will notice their absence. Some new activities have been attempted in Canada such as co-Enerco and the large wheat pools in the Western prairies play an important role in the internal supply and marketing

of grain. Some activity in the field of financial services in both the United States and Canada is also in evidence.

Western Europe has of course been the cradle of the cooperative movement. The consumers' agricultural and workers' productive movements are associated with the Rochdale Pioneers of 1844, Wilhelm Friederich Raiffeisen and Schulze-Delitzsch. It is not necessary for me to go through the individual movements in countries of Europe, except to say that the various sectors of cooperatives—agriculture, dairying, consumers, banking, insurance and housing, have shown remarkable growth in many countries of Europe. The Scandinavian countries have highly developed movements. In the Basque province of Spain, Mondragon reveals a fascinating project of industrial cooperation and cooperators from Peru, Chile and more recently the U.K. have studied this organization. To give you another example from a country which is remote from India, in the north-western corner of Europe—Iceland—the cooperative movement started there as early as 1882, only 38 years after the efforts of the Rochdale Pioneers; the first cooperative society started on the north coast of Iceland at Husavik. Before this, several farmers' purchasing associations had existed to provide services to the rural population. In 1902, a number of localized efforts had been integrated into the present Samband Islenzkra Samvinnufelaga, which was originally conceived as an organization for exchange of information but is now an economic force in Icelandic society. It has 49 socie-

ties in membership, serves both consumers and producers and maintains a number of subsidiaries divisions such as agricultural products, fish products, import, machinery, industries, finance, etc. A number of subsidiaries have been organised such as a bank, an insurance company, an oil company, a travel bureau and the Samband has been active in maintaining a number of overseas connections including a fish filleting plant in the United States.

In Eastern Europe, the cooperative movements are strong and pervasive. In the Soviet Union, Centrosoyus is responsible for providing consumer goods to the entire countryside. In Poland, Hungary, Czechoslovakia and Bulgaria, different sectors of economic activities have been cooperatively organized; agriculture, consumer's, housing, workers' production are the four principal ones. The large agricultural complexes in Bulgaria known as Technilums have become important disseminators of agricultural technology and science to surrounding countryside.

In Poland, where ownership of agricultural land is still largely in private hands, cooperative penetration is most impressive, share of cooperatives in supply of capital goods for individual farms is between 95 and 100%; share of coops in the purchase of agricultural plant produce is between 65 and 70% cooperatives purchase hogs, milk, fruits and vegetables to the extent of 95%, 100% and 80% respectively and cooperatives distribute 85% of the total credits to farmers. The support from the State has been an important

factor in this success; the prevailing social and economic system in Eastern Europe is different and the movements do not have to reckon with competition from private sources to the same extent as in west Europe. Comparative evaluation is, therefore, difficult.

In East Africa, where Tanzania, Kenya and Uganda led the rest of the Continent in Cooperative development, emphasis was placed on cooperatives in providing inputs and marketing facilities for farmers. The latter function is now largely in the hands of parastatals (something like our State Trading Corporation) and the pattern of Cooperative-para-statal relationship has been a source of continuing friction as the farmers claim that their share in the final price has declined over years. A number of foreign advisers have helped the movements; our own Mr. Ryan did some pioneering work in the field of rural credit in Uganda and Mr. Lindquist of Sweden in Kenya. The Nordic governments are providing considerable support to the East African movements and the Swedish Cooperative Centre is strongly supporting the ICA Office for East Africa in Moshi. In West Africa cooperative movements, especially in Nigeria and Ghana have played an important role in the internal marketing and production of the countries' major crops. I have had the opportunity of visiting the Cooperative Bank in Ibadan in Western Nigeria and to see something of the support it has extended to agricultural marketing and production activities. In francophone West Africa—Togo, Cameroon, Benin, Niger, etc.—the

movement has been cast on the lines of indigenous cooperative patterns and can be described in ILO terms as "pre-cooperative". I venture to suggest that with the setting up of the two ICA offices in Moshi and Abidjan, there will be the possibility of the movements in Africa emerging more into the mainstream of international cooperative affairs; I should point out in passing that contacts between the East and West African cooperative movements remain extremely weak and fragile, a consequence, no doubt, of past Colonial rule. In the middle Eastern countries, cooperative development has been patchy and it is only in Egypt and perhaps Jordan that cooperatives have been of some significance.

I shall not talk about the cooperative movement in Asia. You know the situation in India and ICA's Regional Office in New Delhi has done important work in spreading information about the movements in Asia. Suffice it to say that cooperative developments in Japan and, still more so in the Republic of Korea, provide fascinating experiences which, with relevant modifications, may have implications for other countries.

In India itself, developments in sugar production, dairying, fertilisers, spinning and weaving and man-made fibres are significant.

As we go further East into ASEAN countries we find cooperative societies playing role of varying significance in providing support to farmers and the urban middle classes—the thrift and credit movement in Malaysia which has

promoted other forms of cooperative activity, the collaboration between cooperative and trade unions in Singapore which has thrown up some ideological questions and some interesting developments in the Philippines, such as the Regional Cooperatives Development Programme in the Cagayan Valley are worth noting.

Mr. Chairman: this is admittedly a highly generalized account of the world cooperative situation, I have touched upon the high peaks and I do not want to leave you with the impression that all is well with the movement. There have been many problems—of leadership, of management or rather mis-management, especially financial mis-management, of the lethargy of the movement to respond to rapidly changing social and economic situations and of problems created by inflation and energy prices in which the world finds itself today. The Cooperative Movement is in no way insulated from these problems. Let me on the basis of the above thumb—nail sketch, identify the following five features.

First Cooperation has done well in countries where the population is homogenous and where income distribution is not severely skewed. All the Scandinavian countries bear out this statement and some small group research is supportive of it. Perhaps a commonsensical explanation is that the comparative absence of social differences makes the group feeling strong and the perception of a common need, which is at the basis of cooperation, sharper.

A *Second* aspect is that the movement has concentrated in some limited, though important, areas of economic activity. We have been good at doing the same things over and over again; we find comfort in familiar territory. If some broad shifts emerge in the "post-industrial" society, as they probably will, we will find ourselves at sea. The movement has been hesitant in exploring new fields. The present developments are all to the good and represents years of economic sense and sagacity. But what of the future? The movement must consider the role it can play, for instance, in the service sectors—provision of financial services, commerce and trade and shipping, in the provision of medical and health services. In several advanced countries—and of course in our country the situation is desperate—medical, pension and housing problems are under severe strain and the movement will have to address itself to these large issues if it is to retain social relevance. There are some small but interesting examples which will need to be carefully analyzed with a view to replication—the cooperative hospitals in Jaffna, Sri Lanka and the Susrushal hospital in Bombay, to mention only two. The ILO produced some time ago a paper on non-traditional cooperative activities and it is worth a study.

Third the consumer-producer dichotomy has seriously split the movement. Parallel structures have been adumbrated by both wings and it almost appears as if "never the twain shall meet". Let me cite examples from the Federal Republic of Germany; this situation, I hasten to add, is

common to many other national movements and Germany is no exception. On the consumer's side, there is the HAPRO, the successor to the former German Wholesale Society (GEG), the Bank for Gemeinwirtschaft, a joint trade union-cooperative institution which has vigorously pushed the rather ambiguous concept of "Commonweal"; there is the Volksfürsorge, the cooperative-trade union insurance organization; on the producer side, there is the giant Raiffeisen organization whose activities range from "Wine to schwein" it has extensive thrift, credit and farmers' services network and finally, there is the powerful Deutsche Gennosensohafts Bank which owns with others, the international merchant banking arm, the London and Continental Bankers in the U.K. The collaboration between the two wings—dare I say—is an exception rather than the rule! How much more economic muscle would the cooperative movement acquire if the two streams were to work in the closest collaboration with each other rather than to compete with each other. I gave some more examples of such lack of collaboration in the cooperative movements in my keynote speech of the 5th International Conference on Thrift and Credit in New Delhi in February 1981. No amount of energy could be regarded as wasted which is intended to bring about unity within the movement. In Finland, as we all know, there are two separate movements, the KK and the SOK. It is this absence of collaboration which reduces the impact of the movement in society.

Here again we need to think anew, innovatively. Perhaps the **Prosumer** concept is more

appropriate to our needs rather than the sharp cleavage which economists emphasize between consumer and producer. The "prosumer" concept only recognizes that everybody is both a producer and a consumer and both would like a reduction in the middlemen's profit.

Allow me to quote from Alvin Toffler who says in his "*The Third Wave*", on the wedge between consumer/producer: "At one level, the industrial revolution created a marvellously integrated social system with its own distinctive technologies, its own social institutions, and its own information channels,—all plugged tightly into each other. Yet, at another level, it ripped apart the underlying unity of society, creating a way of life filled with economic tension, social conflict and psychological malaise". Citing some contemporary effects of consumer/producer conflict, Toffler continues: "The growth of the Consumer Movement in the United States, the recent uprisings in Poland against government declared price rises, the endlessly raging debate in Britain about prices and income policy, the deadly ideological struggles in the Soviet Union over whether heavy industry or consumer goods should receive first priority, are all aspects of the profound conflict engendered in any society, capitalist or socialist, by the split between production and consumption".

How many Cooperators have even considered transposing this concept into the realm of cooperative reality :

Fourth, the movements in the three continents of Latin America, Africa and Asia have leaned heavily on government support. This has caused some operational difficulties and some ideological obscurities. I will say a little more on this subject later on.

Fifth, some considerable and recent literature has doubted the efficacy of cooperative movements in reaching the poor in the Third World. A series of UNRISD publications, Kuznets' "U" Curve, ILO's Concept of "Basic Needs", FAO's recent Conference on Agrarian Reform and Rural Development, and McNamara's passionate argument to assist the poor—all these approaches, in their different ways, have begun to compel sensitive cooperators' to view the role of movement in this direction. A careful consideration of this aspect raises serious questions of ideology, of cooperation and the wider community and of the economic capabilities of the movement.

Finally Mr. Chairman throughout the world of cooperative movements and in fact even in the same country we come across very small, community based cooperatives and large industrial cooperative establishments which are sometimes difficult to distinguish from other industrial enterprises. The Fortune 500 includes the following cooperative organizations in its list. Farmland Industries (64th); Land of Lakes (115th); Gold Kist (212th); Farmers Union Central Exchange (265th); C.F. Industries (303rd) National Cooperative Refinery Association (374th) Midland Cooperators (467th). Among the

10 highest ranking of sales per employee as well as assets per employee, the National Cooperative Refinery Association came on top. In Canada, according to the list produced by the Financial Post, a leading financial Journal, the Saskatchewan Wheat Pool occupied the 40th place with a sales or operating revenue of 1.9 billion dollars, the Alberta Wheat Pool ranked 53rd; the United Grain Growers Limited, the Federated Cooperatives Limited, and Coop. Fédérée of Quebec were also in the list. In the financial listing, the Caisses National de Credit Agricole of France, the Norinchukin Bank of Japan, the Bank fur Gemeinwirtschaft and the D G Bank all appear in the listing of the Institute of Bankers.

Mr. Chairman, these large conglomerates remind us that the small community-oriented society, while important and serving an important purpose, will yield the place of pride to large cooperatively owned establishments. Our mode of management, leadership pattern, financial policies will have to adjust to these changes. Individual members' sense of ownership and participation will have to be combined with sound economic and financial policies applied to institutions of quite another dimension.

Structural Reforms—Three Models

This brings me to another allied issue, that of structural reforms which occupied the movements in the sixties and seventies and continues to do so today. Perhaps we shall never find the ideal organizational structure, good for all time and

places. We must respond, and sometimes yield to the compulsions of surrounding economic environment. Let me summarize the debate on this issue. At the risk of generalization, one can identify three patterns. Historically, a small cooperative society, satisfying a need in the local community, has joined hands with similar organizations from neighbouring areas thereby creating secondary organizations and, ultimately, apex bodies. The situation is familiar to cooperators in India. This model keeps intact the sovereignty of the individual society while ceding certain functions to the secondary or apex body; in political terms, it is like a federal state with various provinces. The relationship between the primaries and federal bodies is governed not by effective sanctions but by a sense of mutual loyalty. A unified discipline is worked out which makes possible the application of sound administrative principles with the flexibility which ensures variety and freedom to the primary organization. The concept is based on two thesis; first, that self-determination, self-administration and self-responsibility are really the basic pillars of the cooperative structure and, second, that a delegation of responsibilities to federal bodies on a higher level must take place only so long as and to the extent that this promotes the interest of the movement.

Looking back, it appears, on the whole, that the system of federalistic structure has proved itself useful in practice. However, recently doubts have been raised as to whether the traditional

structure of our movement is suitable to the present sharpened competitive edge which we encounter all over the world. Large, centrally directed organizations have cut costs to the minimum and the effect on cooperative movements is noticed in the declining market share of the latter. The movements have responded by a process of amalgamation thereby creating larger, more efficient units; in India, during the decade 1953-63, there was a decline of 14% in the number of societies; such decline is visible throughout the world. In attempting to restructure and streamline the old model, several resistances have been experienced and some are mentioned in the ICA Vienna Congress Report of 1966. One thing is clear; the results are not convincing enough for us to say that we have found the right answer. If pushed to its logical limits, this second model leads to the renunciation of the legal personality of the cooperative societies and to the constitution of a single national cooperative society. This is possible in a small country with homogeneous population and an effective communications network. The Danish consumers' movement is an example; and it is now organized in one single society. There, the FDB appointed in 1964 a structural committee which recommended complete integration into a national society with uniformity on most business policies throughout the movement. A similar approach has been suggested in the case of the consumers' movement of U.K. The obsolete buyer-seller relationship between the retail societies and the CWS is sought to be replaced by an arrangement in which joint interest and common

objectives will be decisive. There have been some considerable discussions at recent cooperative congresses in the UK on the possibility of creating a Coop Great Britain. In the U.K. in 1958 there were 918 retail societies; at present there are only 201. This process of amalgamation has been forced, very largely by the competitive challenge of private trade where large organizations with common management and human resource development policies have become the rule. Can the cooperative movement have a development policy based on the individual considerations of its various retail societies? What has served the movement well in the past will not meet the demands of the future. Prof. Henzler said: "The danger of a strong traditionalism on the part of the cooperatives, standing in the midst of competitive economies, is that they do not recognize the extent to which strong competition demands that they should have done yesterday what will be necessary tomorrow." The President of the 1979 Coop Congress in Britain said "I have come to the conclusion that the only way forward for our movement is by the formation of a new national cooperative organization." The problem is not as insurmountable as it may seem; to continue the British case in the UK the 10 largest retail societies together accounted for 47% of the movement's total trade. The 20 largest Societies account for 62% and the 50 largest societies for 84%. So if a new national cooperative organization brought together the 50 largest societies in the country it would account for over 84% of the movement's retail trade.

Between these two models—a federal structure and a single national society—there is an intermediate solution and we find reflections of this pattern in KF's relations with its primaries. Under this model, certain functions are submitted to the sovereignty of the wholesale, for example, purchasing, central warehousing, sales policy, special sales or accounting. Specific responsibilities are then transferred from the individual societies to special sections of the apex organization which works independently of individual control but in close collaboration with the primaries on the basis of general principles; these activities are synchronized within the framework of national plans for distribution, structural reform, finance, etc. The basic point emphasized in this model is that any structural reform must be motivated in terms of the basic promotional task. The duty of the apex is to promote to the maximum the interests of its members. At the same time, it is recognized that under present conditions, this can only be done if the movement acts as a whole and not as a series of desparate units where each unit takes its own decision with regard to the larger issues. The ICA Report on the subject says: "The collaboration of all members must be achieved through an unambiguous, uniform, elastic organizational framework. The legal structure of the movement must be that which is most useful for the attainment of its aims. Naturally, the democratic character of the movement must be maintained as an inalienable principle". A somewhat similar structure is being operated by the C.F. Industries in the USA and Canada.

I have based my remarks largely on the Consumers' Movement simply because information was easily available. This is contained in the 1965 discussions of ICA's Central Committee in Helsinki. I have, however, reason to believe that a similar situation obtains in the agricultural cooperative movement except that the process, by virtue of the geographical factors affecting agriculture, is slower.

I have presented the three models in a form sharper than is the case in reality. Behind organizations is the reality of human beings, the extent of their readiness to submerge their differences for the good of the whole movement and the social and economic structure which shapes peoples' attitudes. The Japanese agricultural movement presents a brilliant example of rapid and effective amalgamations despite the numerous problems it has thrown up and which have been discussed recently in *Zenchu News*. It would be dangerous, without the most careful consideration, to make any specific recommendation, not the least for the Indian movement where the diversity of culture, the size of organizations and management levels are very different. What I am suggesting is that there seems to be reason at this time to consider the efficiency of the structure of our movement. The process has been going on imperceptibly all the time; what we need now is a deliberate and planned effort. A movement must prepare for the battles of tomorrow and not be fettered in its past. The National Cooperative Union of India could play a leading role in this respect. In addition, we must recognize that there

is nothing sacrosanct about a structure just because it has existed for many years. Perhaps we should recognize that we can simplify the structure—we all know that a large primary tends to assume the characteristics of a secondary organization. Detailed case studies of IFFCO, of the Saskatchewan Wheat Pool, of the London Cooperative Society, of El Hogar Obrero in Argentina, of Konsum, Stockholm, all large primary organizations, will reveal some important lessons for rationalizing the cooperative structure.

Cooperatives and the States

I must now turn to another subject which has been discussed *ad infinitum* in India—the relationship of the movement to the Government. I am afraid the discussion has generated more heat than light. Much has been written on the subject and I am not familiar with the details. The fact however is that ever since the All-India Rural Credit Survey of 1952, State partnership in the cooperative movement is much in evidence. The Report submitted to the 3rd Indian Cooperative Congress in 1958 gives details of the State partnership in the cooperative movement is much in evidence. The Report submitted to the 3rd Indian Cooperative Congress in 1958 gives details of the state partnership and assistance to cooperative credit institutions. Such assistance was seen to be a strengthening factor to the cooperative movement. The share capital of a number of state cooperative banks was provided by the government and in many cases such assistance was

extended to Central Land Development Banks and even to large scale primary societies. Members were nominated by the State to the Board of Directors. In this process, as the Standing Advisory Committee on Agricultural Credit at its 5th meeting in 1956 reminded us, two precautions were to be observed; first, that the State government was to be a partner in the sense of partaking in the risk of share capital and not a mere creditor and, second, the apex Bank's position as leader of a coherent structure was to be strengthened, if possible but in no case impaired. Cooperatives, it must be said, have been somewhat ambivalent on the issue. In countries of West Africa, where there appears a greater readiness on the part of movements to accept positive encroachment by governments, a recent seminar on the subject agreed that governments of the countries of West Africa needed to play "substantial roles" in the affairs of cooperative movements. The expression "Substantial role" was not elaborated although it appeared that governments were to provide the necessary pre-conditions for creating enlightened membership through the provision of education and training facilities and to support financially, and otherwise, the national apex organizations. At the same time, the seminar asked the governments to assist without infringing the independence of the movements, as I said, a rather ambivalent approach.

I have elsewhere summed up the causes as I see them, of government involvement in cooperative movements in the developing countries as :

- (i) Lack of movement's financial and trained manpower resources;
- (ii) recognition by the government that the cooperative movement is a grass roots movement and can thus be helpful in the implementation of national development plans; and
- (iii) Political parties' perception of the cooperative movement as an institution which can enhance their own political position and image if the movement can be manipulated to their own party gains; the cooperative society can thus be used as the disbursing of patronage loans to farmers, creation of a processing facility in a certain constituency, etc.

If the above causes are realistic and I realize they are a highly condensed version of a vast, complex process—perhaps the following could be recommended as some alleviating measures in order to restore a degree of autonomy and spirit of self-help to the movement. There is, first, the need at senior levels of government to impart information about the principles and ideology of the movement. We cannot build bridges by continuing to emphasize the we/they dichotomy. There is a psychological hiatus which needs to be covered, and if we cooperators take the initiative, a response would be forthcoming. The National Cooperative Development Corporation, with its 20 member body consisting of official and what are called “non-official” cooperators provides a meeting point. I have spoken about this unique

cooperative organizational structure in Africa where problems in this field are somewhat similar.

Perhaps there is need for the production of a simple "do's and dont's" brochure by the movement and which, so to say, would define the limits of government action. Such a brochure will be difficult to produce but will serve a useful purpose. The movement's personnel need training in management, especially financial management, as it is the weakness in this area which invites government intervention. New ways of building equity, especially in inflationary times, have to be explored. Bischenberg Seminar organized by the Liaison Chmmittee on Thrift and Savings on the subject: "How to Save the Savings" summarizes the need of the moment. The construction of an "Autonomy Index", which would define, as precisely as possible, the set of conditions under which the government should withdraw its control and allow the movement to function independently, will give workable precision to what has so far remained an amorphous wish.

A dialogue between the cooperators and important politicians could be useful although the extent to which this could be a causative factor in sustained change in politicians' attitudes towards cooperative affairs, is unclear. Let me give you an example from France. Cooperative leaders in that country, in political elections, do not attach their federations to any political party. There is in existence the Groupement National de la Co-

operation where leaders of all cooperative sectors meet. In order to obtain the views of all Presidential Candidates before the last election, the Groupement National circulated to the Presidential candidates, namely, Giscard d'Estang, Chirac, Debre and Mitterand, a set of four questions in which their opinions were obtained on "What does to be a Cooperator" mean to you, what is meant by the statement that cooperatives should fight "with equal weapons", what would they do to encourage artisans', fishermen's, transport firms cooperatives, and, finally, what role would Cooperatives be asked to play in French overseas development assistance.

Perhaps, as was recognized at the ICA meeting in Copenhagen in 1978, the problem of the relationship between the State and Cooperatives will never be solved in toto. At that meeting, there were varying points of view but there was agreement on the collection of information and experiences, the need for a continuing dialogue between the two, leading sometimes to the creation of institutionalized links, the need for advocacy of the role which cooperatives play in general social and economic development and the overall credibility of the movement in society as a result of its performance and the values which inform its operations. I have drawn your attention to this area because until the year 2000 I see government control or influence increasing not decreasing, on social and economic affairs.

Cooperative Principles

I now come to the last part of my talk.

For obvious reasons I raise the subject with some hesitation. I must say a word about cooperative principles. The word principle means : fundamental source, primary element, fundamental truth as basis of reasoning. Such principles must represent something permanent, the basic values of our movement, not shifting rules which sway with changing social and economic conditions. There have been, from time to time, veiled references to the inadequacy of cooperative principles as formulated by the ICA Commission of 1966. Our own Mr Puri has written explicitly and perceptively on this subject in his book; "Ends and Means of Cooperative Development". The late Alex Laidlaw had this to say in his Moscow paper; "Cooperatives in the year 2000" : ... "Doubts remain about the present official formulation, set forth in six principles, and many cooperators feel that this statement is somewhat less than fully satisfactory".

The two main weaknesses in the present formulation are, first, that current practices have been elevated to principles, and secondly, the present formation is largely dominated by practices in consumers cooperation to the neglect of other fields of cooperation such as housing, agriculture, credit, etc. Moreover, there is no mention of the fact of working towards the establishment of a cooperative commonwealth, towards establishing a more refined and less exploitative pattern of relationships between human beings and no explicit concern expressed for the poor by the affluent, for the weak by the strong. The con-

gruence of interests of the cooperative and the community is not mentioned. What is to happen if the two diverge? We must honestly ask ourselves if the principles as enunciated by the ICA Commission on Cooperative Principles and accepted by the Vienna Congress in 1966 really represent the fundamental strivings of our movement, the ideals the movement would like to see come to fruition in society. Or are they the abstraction of operational rules? Is the fact that share capital will receive a strictly limited rate of interest really a fundamental issue? Is not any rate of interest a limited rate of interest? Again, the way of distributing surplus : as suggested in the present formulation is it not really a practical policy which should, ideally, combine equitable distribution among members with considerations of economic prudence for the organization? What happens to that part of the surplus which is generated by dealing with non-members? Cooperation among Cooperatives stems from the nature of the movement; is this "principle" really anything more than creating a mechanism for obtaining the economies of scale especially as there is no mention of creating a Cooperative Commonwealth? Is there any mention of the social accountability of Cooperatives in the Principles.

In making these points, I am not criticising those who were responsible for the present formulation. The task is not easy. As you will notice, my own comments are not carefully worked out. But I must confess to a feeling of "lack of depth"

when I read the principles as presently formulated. The commissioners were men of wisdom and experience. They brought a wealth of knowledge and our own Prof. Karve was a man of sound and good judgement. However, an international commission is subject to many pressures; there is an inevitable and unwitting tendency to produce a unanimous report—it is considered in some ways to promote the unity of the international movement—and this leads to bland compromises rather than resulting in cogently argued, polarized views. The East-West rift, the producer-consumer-divergence, the shades of nuances between cooperative and cooperative-like institutions—the existence of Migros in Switzerland, of Edeka and Rewè in Germany are some examples—these differences are not easy to encapsulate in six or seven principles. We must be realistic, we must have a restless mind we must search for fundamentals. We must talk of establishing a non-profit, non-exploitative economy through cooperative methods; we must emphasize self-help and mutual help, we must ponder on our wider social and economic concerns.

It is partly for these reasons that some movements show conflicts and thereby impart obscurities to their Cooperative Acts. The Presidential Decree No. 175 in the Philippines includes, incompletely, I am afraid, the present cooperative principles. Does it mean that in the Philippine perception some principles are more important than others, even if the Commission emphasized that all should be taken as an inseparable whole, the Egyptian

Agricultural Cooperative Law in its second Draft No. 2 (122/1980) and, I should emphasize I have seen only the draft, has this to say in Article 1 : “Cooperation is a popular democratic movement sponsored by the State. Cooperation participates in executing the overall plan of the State in the agricultural sector”. Is this the consequence of the deletion of the 1937 principle of “Political and religious neutrality”—there are, I am afraid, many corners to be cleaned, many cobwebs to be swept. I hope the Indian Cooperative Movement in the tradition of Vaikunthbhai Mehta, Professors Gadgil and Karve will give some lead on this fundamental aspect.

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