



INFORMATION

from the Secretariat
of the Swedish Co-operative Union and Wholesale Society

The ICA and the world today

by Mr. Mauritz Bonow, President of the ICA

The following is a summary of the transcript of the statement made by Mr. Bonow at the conclusion of the 36th International Co-operative School at Jablonna near Warsaw. Mr. Bonow's statement contains his personal views, some of which may appear arguable to Polish economists.

ICA Library
334:370
BON-1
ICA 02109

334:370
ICA,

The part played by the Co-operative Movement in the presentday world was the theme Mr. Bonow chose for the lecture he delivered at the 36th International Co-operative School. The President began by saying that the International Co-operative Alliance was the only international organisation - except, of course, the United Nations and its specialised agencies - to derive its membership from such a vast number of countries with different political and social systems. He then reviewed the assistance the ICA granted to Co-operative Societies all over the world.

Next Mr. Bonow outlined his view on the economic patterns in what he named the three principal groups of States, denoting their social and political systems according to the following criterion of division:

- a) industrialised Western countries
- b) countries with planned economies (the Soviet Union and the socialist countries in Eastern Europe)
- c) the developing countries

Examining the economies in the three groups of States, Mr. Bonow said that nearly all revealed the existence of three sectors: the private, the State-run and the co-operative sector. The President added that their inter-relation differed depending on the social system prevailing in the countries within which the sectors operate. Without going into details it could be said with good reason that the very existence of the sectors in a certain sense brought the groups of countries closer together.

Reviewing the developments in the Western countries, Mr. Bonow outlined the numerous transformations which are taking place in their economic lives. He said that many of the Western countries conducted their economies.



in a well-planned way, taking recourse to various actions and measures which brought the freeplay of forces under control, thus leading to the formation of the so-called mixed economy, an increasingly bigger part of which was coming under State control. The President added that Co-operative Societies actively participated in the actions seeking to bring the free-trade economy under control, a claim especially true of the Scandinavian countries.

Reviewing the economies in the socialist countries and their Co-operatives, Mr. Bonow pointed to the unusually speedy rate of their development, often by far exceeding the accomplishments of the rich and industrialised countries. Having made good the ravages caused by the war and its after-effects, the socialist countries proceeded with the organisation of their economies, each using its own shaping mould. Thus, whereas in the agriculture of the Soviet Union, State-run farms (Sovkhozes) and co-operative farms (Kolkhozes) predominate, in Poland, which belongs to the same group of countries with planned economies, the predominant form in agriculture is the private peasant farm, these farms having a considerable influence on co-operative activity. In still other countries a predominant place is occupied by the public-municipal and co-operative sectors, while the private sector is of practically no importance. Mr. Bonow added that the competition which existed between the sectors should actually be called emulation and that similar developments were taking place in countries with mixed economies where the co-operative sector played an important part.

In the developing countries, the State authorities should provide every possible form of assistance to the Co-operative sector which plays an important part in the countries' economic growth.

In Mr. Bonow's view the countries with mixed and planned economies have many common features, which, he believes, are conducive to both a further extension of economic relations and promotion of political contacts. Among the common features, he outlined the speedy rate of their economic growth and the similar way in which—not infrequently—they make use of technical accomplishments and production methods. But also their cultural and educational advancement has many kindred features, such as the successful drive which has, in practice, eliminated illiteracy, the moderate rate of natural growth and, reverting to the socioeconomic issues, the multilateral pattern of their otherwise different economies.

But it is the situation in the developing countries that is a matter of primary concern to ICA's President.

Examining the situation, he said that the economies in the developing countries were based on primitive agriculture, with the farmers making a living on what they themselves produced, as industry was still negligible and, in principle, drew its sustenance from agriculture. Mr. Bonow went on to say that in practice it meant a very low rate of economic productivity, slow progress in hygiene and health conditions and, to make things worse, a rate of natural growth which had assumed the character of a veritable demographic explosion. Even if the developing countries increased their annual productivity by 4.5 per cent, the whole accretion would be devoured by the 4.6 per cent increase of the population. Thus, in addition to a marked growth of productivity, the developing countries should devise ways and means of checking in a reasonable way the rate of natural growth of course we should not overlook the existence of marked differences between the developing countries.

Reviewing the problems confronting the Societies in the Western countries and those with planned economies, Mr. Bonow said co-operators in the groups of countries faced kindred problems, for example structural changes; though differing in the rate at which they advanced and the forms they assumed in one country or another, structural changes proceeded in one and the same direction. At this point Mr. Bonow recalled the talk he had in the Union of Spolem Consumer Co-operatives when he got a clear picture of how concentration had made progress in Poland, how local Societies had merged into bigger units to cover with their activity an entire Voivodship. The same could be said of the concentration process in the Scandinavian countries. In Europe both groups of countries are witnessing an outflow of rural inhabitants, getting away from the villages to settle in urban localities. Under the circumstances, the heyday of the little village shop belonged largely to the past and the need has arisen to organise shopping centres in bigger rural localities and townships. This, the President said, was a trend common to both groups of countries, though the tempo and degree of integration differed from case to case. Such factors as who owns the shop, the existing possibilities of setting up big shops in towns, living standards, earnings, and the like, determine the rate of concentration and the dimensions it assumes. One of the immediate problems was to determine the optimum size of the shop, well adjusted to the concrete conditions and needs.

The President then spoke at length of international cooperation, emphasising the need to expand bilateral and multilateral relations through ICA's intermediary. This, he said, was not an end in itself but an indispensable prerequisite conditioning the development of international trade in general. As can be seen from the evidence which is piling up in the course of ICA's work, interest in all the sources of information is growing all the time. This, of course, is an

extremely welcome fact, and it is ICA's task to facilitate the establishment of ever closer contacts and economic cooperation. International trade is marked both by good prospects and difficulties. The tendency of the day is to set up big markets. Co-operators must make good use of the tendency for the benefit of the Societies and their members. The hardest nut to crack in European trade is Europe's division into the Common Market, EFTA and the COMECON. Co-operators from the Western countries ought to examine the possibilities of extending commercial relations with the COMECON countries. They should not overlook the political aspect of the problem. Next year the customs barriers within the Common Market will be pulled down, but they will continue to be erected round it. The customs barriers within the EFTA have already been pulled down, but the customs frontiers are closed. What is however important is that these Organisations offer to the Co-operative Movement a chance of expanding its activity and the Co-operatives ought to make the best use of it, as private commercial enterprises are very likely to do. As the sequel to tensions in the international situation, so-called strategic materials have been banned from the lists of goods exported by the West to the East. On the other hand, in the East European countries, most of the foreign trade is under State control. Here Mr. Bonow emphasised he did not mean it as a critical remark, as it was clear to him that these countries had to have a strong grip on their investment policy, just as they had to have control over export and import. Nonetheless it was an obstacle not infrequently checking co-operative export activity. The last few years have opened up better prospects for the development of export-import relations between the Western and Eastern countries bringing about new possibilities for promoting commercial relations with the Soviet Union, Czechoslovakia, and, say, Poland. As an example Mr. Bonow outlined the

possibilities of setting up multi-national co-operative commercial enterprises, which in the future might prove instrumental both in pulling down customs barriers and organising joint production enterprises. "I may be given to fantasies but I do believe that production enterprises run jointly not only by co-operators from several Western countries, but from Western and Eastern countries are a feasible thing". In Mr. Bonow's view ideological barriers are not insurmountable. Constructive projects for the future ought to take into account all the possibilities of mutual advantage to the Co-operatives and the vast numbers of their members.

Mr. Bonow devoted the final part of his lecture to what he believed is the most urgent task confronting us not only as co-operators but as citizens of the world.

The task is to help the developing countries to improve their living standards. Current statistics show that 52 per cent of Asia's population produce but five per cent of the world income, while at the same time the United States and Canada, which account for seven per cent of the world's population, produce as much as 40 per cent.

The present development trend gives rise to concern: over the last 25 years the industrialized Western countries have doubled their national income, the Eastern countries with planned economies have succeeded in achieving this goal within a shorter period of time, while the developing countries in Asia, Africa and Latin America have made very little, if any, progress. The world population is estimated to double before the end of the century, when it will be 6,000 million, if not 7,000 million as some statisticians presume it will. This fantastic growth of the population calls for huge quantities of food if the needs of all mankind are to be met. It follows from FAO's reports that in the forthcoming two decades the output of food must be increased

by 100 per cent, which is a staggering task. A food crisis therefore lays in store for such countries as India, Indonesia or Pakistan. "And what are we in the industrialised countries doing to help the developing countries?" asked Mr. Bonow, adding that by "we" he has in mind not only the industrialised countries in the West but the countries with planned economies as well. Assistance for the developing countries is in a state of stagnation, coming to not more than 0.5 or at the utmost 0.6 per of the national income of the industrialised countries. And yet after the last war, the United States' assistance within the Marshall Plan amounted to two percent of its national income. Mr. Bonow stated with much regret that the United States was cutting down its assistance for the developing countries all the time. At this point ICA's President recalled a news-item from the press from which it followed that at the motion of the United States' President, the Congress was considering the possibility of cutting down the allocations from 3.500 million dollars to 2.100 mil. dollars. Other countries too were considering a reduction of their contributions to the aid. Mr. Bonow added that if it were possible to delegate experts who would engage in the training of the population in the said countries and to help them out with 1.5 per cent of the national income, this would make it possible for the countries to lay the foundations of their independent economic development.

* * *

The Co-operative Movement is not in a position to solve the problem by its own efforts. The Governments must join in the action. What the Co-operators can do is to appeal to their Governments, to international organisations, the United Nations and its Economic Council, and to join hands with other organisations. In Mr. Bonow's view, precisely co-operative organisations which are

striking root in the farthest corners of the developing countries can do much to help their countries to solve the existing economic difficulties. Mr. Bonow added that many people in the industrialised countries were willing to spend some time in the developing countries in an effort to render them assistance. The help, he said, was especially important in such fields as agriculture, fisheries and the fish-processing industry, though also in such other fields as the organisation of storage facilities (a great deal of food perished as the result of poor storage techniques), transport and the distributive trades. Co-operators can hardly overestimate the importance of the joint efforts to devise ways and means of attaining better productivity, of working out jointly the most efficient assistance scheme.

ICA's President concluded:

"In our nuclear-powered and space-rocketing world there is no other alternative as far as this small Planet of ours is concerned. We must cooperate in the economic and social fields, we must do our best to get closer together and to obliterate the existing differences. We cannot go on raising the living standards in some countries while the greater part of mankind lives in misery and a state of stagnation".

Sekretariatet/YH
10.1.1969
500 ex

Information

is published by

Kooperativa förbundet, Sekretariatet, 104 65 Stockholm 15, Sweden

Informative material is also available in
German, French, Italian, Spanish, Portuguese, Finnish,
Russian, Esperanto

ICA Library



ICA 02109