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100th Anniversary of the Alliance

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SOCIETY NOTES



The greeting *Farewell - and Hail* has some aptness for the two Notes now moving, more or less coherently, into this space.

ICA - Present and Future

First, this Journal is addressed specially to the International Co-operative Alliance and to its Centennial Congress opening in Manchester on 20th September. As the Director-General writes below, the occasion has "the double task of celebrating the significant achievement of 100 years of international Co-operation and at the same time preparing for the very real challenges of the future".

The Journal's address to it takes the form of Mr. Thordarson's comprehensive survey of the present priorities of the Alliance, followed by more specialised perspectives on particular aspects of its rôle and organisation now and in the predictable future. The address is also accompanied by the Society's gratitude, congratulations and best wishes - and, in particular, by the thanks of the Journal for the ready help of the Alliance staff over the years.

Editorship - Present and Future

There is also to be noted the combined greeting of *Farewell - and Hail* over the editorship of the Journal: we retire after this issue and waiting reassuringly in the wings is the Editor-Designate Dr. R.J. Birchall.

In Retrospect

We have not - at least, not yet - fully examined the history of the Journal since its first issue in June 1967 and over its more or less uniform pattern of three issues a year. However, some of the marks and changes that define it are clear enough.

Its first title was *Bulletin* and in the beginning it had very much that character - a record for members of the activities of the Society and also of the Co-operative studies and research at Universities and Colleges in which the Society was particularly interested. The change to *Journal* was

more than nominal and reflected a process that had been going on for some time. It was a better fit for the ambition which we hope has been perceptible though the diversity of the Journal: to examine independently and in some depth the development, both economic and social, of the Co-operative movement in the UK and, if the early concentration was on the consumer sector, there has been, without neglect of that area, increasing attention over the years to the other sectors and to the relation of the UK movement as a whole to the frame of international Co-operation.

We are grateful to all who have supported the Journal: including the colleagues who have typed and set it and seen to its printing; and especially the contributors who, over the years and over the world, have given their service free. We have deeply enjoyed our association with them and echo a dedication which, we recall a little uncertainly, Randolph Churchill placed at the beginning of a collection he had made of some of his father's speeches: "In gratitude to my father without whose help this book could never have been written".

We confess to a sense of moderate satisfaction that, if there is still much to do in developing the Journal, already a good deal has been done. We can identify initiatives whose full potential we have not seen, possibilities we have not appreciated, opportunities we have seen too late. There remains a stubborn conviction that the Journal has made a contribution to the discussion of Co-operative development that is distinctively independent and informed - and increasingly acknowledged. This has not arisen from some exclusive evangelical mission. We have had our causes to press - but where the issues have been controversial, the Journal has been a forum of competing advocacies rather than an exercise in partisanship.

In Prospect

There is still much to do. For example, at the 1994 AGM we raised two of the main reference points for the Society and Journal to heed: ". . . sustained effort to attract more 'academic' involvement which could be secured only by serving the interests of 'academics'" and, secondly, more "consideration on marketing the Journal much more widely, perhaps with the aid of some professional agency within the Co-operative movement."

We have already spoken of the reassuring prospect of the succession of Dr. Birchall. Many things conspire to commend him: his academic career, now at Brunel; his engagement with the main Co-operative sectors, particularly consumer and housing Co-operatives; his authorship including *Building Communities - The Co-operative Way, Co-op - the people's*

business and, in preparation, a *history of the ICA* for its centenary; and his long service to the Society. We offer our best wishes and any help he feels we can give.

Between Ourselves

We have thoroughly enjoyed the editorship and each other. However with national reticence let us resort to a practice followed at least in one Scottish University - the issue, or the withholding, at the end of a course of what we called DP's. There is a symmetry in this resort. One of us had the completion of his first venture in editorship of any kind - in the University students' monthly - marked by the presentation of a D.P. from his fellow editor. So -

I hereby certify that Professor T.F. Carbery has given regular attendance in a full course in Editorship . . . and that he duly performed the work pertinent thereto.

R.L. Marshall Joint Editor

I hereby certify that Dr. R.L. Marshall has given regular attendance in a full course in Editorship . . . and that he duly performed the work pertinent thereto.

T.F. Carbery, Joint Editor

August 1995

T.F.C./R.L.M.

Preparing for the Next 100 Years by Bruce Thordarson

When the leaders of the world-wide Co-operative movement assemble for the Centennial Congress of the International Co-operative Alliance in Manchester in September 1995, they will have the double task of celebrating the significant achievement of 100 years of international Co-operation and at the same time preparing for the very real challenges of the future.

1995 has already been a significant year of celebration for the ICA. For the first time in history the United Nations joined with the international movement in recognising the International Co-operative Day. In his official message, Secretary-General Boutros Boutros-Ghali observed: "Recognising that Co-operatives in their various forms are becoming an indispensable factor in the economic and social development of all countries, the United Nations General Assembly has proclaimed the first Saturday of July, starting from this year, as International Co-operative Day. As we move into a new century and a new millennium, the partnership between the United Nations and the International Co-operative Alliance becomes increasingly important."

The fact that institutional longevity, especially at the international level, is not something which can be taken for granted is the central theme of the ICA's centennial publication: *The International Co-operative Alliance during War and Peace: 1910-1950*, by Rita Rhodes. This adapted Ph.D. thesis, based on extensive research in the ICA archives, concludes that the ICA's survival during the tumultuous years through the two World Wars and the Cold War was essentially due to its ideological consistency and its organisational strength.

Both themes will be at the forefront during the ICA's Centennial Congress. The proposed revision of the Co-operative Principles, in the new form of a *Co-operative Identity Statement*, will test whether the ICA authorities have found the right balance between the forces of change and tradition. The second theme, *Sustainable Human Development*, although also global in nature, will focus more specifically on Co-operatives in Asia, Africa, and the Americas, where the new, decentralised ICA structure is providing more opportunities for non-European Co-operators to influence the policies and activities of the ICA.

Present Structure

The ICA has grown rapidly, during the last decade in particular, and is

now regarded as the largest membership-based non-governmental-organisation in the world, with over 750 million individual members belonging to its 235 member-organisations in 101 countries. Asia and the Pacific has now surpassed Europe in terms of the number of individual members (65 per cent of the ICA total), although the financial strength of European member-organisations continues to be reflected in their membership fees (56 per cent of the ICA total).

The organisational structure of the Alliance, based upon the Rules amendments adopted by the 1992 Tokyo congress, has distinct political, technical, and sectoral components.

The governing bodies of the Alliance are the General Assembly (the highest authority, which meets every second year); four Regional Assemblies, for Asia-Pacific, Africa, the Americas, and Europe (which also meet biennially, alternating with the General Assembly); the Board (composed of 16 members, elected by the General Assembly for four-years terms, of which the four Vice-Presidents are nominated by the Regional Assemblies); the Audit and Control Committee (which is elected by and reports to the General Assembly); and the President (the chief representative of the ICA, who also presides over the General Assembly and Board). Congress, the highest authority prior to 1992, is now convened by the General Assembly for special occasions, such as the 1995 Centenary.

Staffing the Alliance

The technical work of the ICA is carried out by its Head Office and Regional Offices, under the overall authority of the Director-General. The Head Office, located in Geneva, currently consists of 11 staff members. Regional Offices, with another 56 staff, exist in New Delhi, for Asia and the Pacific; in Moshi, for East, Central and Southern Africa; in Abidjan, for West Africa; and in San José, for the Americas. All are headed by Regional Directors, who take policy guidance from their respective Regional Assemblies, but report administratively to the Director-General. In Europe, at the request of the Region, Head Office provides part-time staff support for the work of the new European Region, which includes the position of Secretary to the Council set up last year by the Regional Assembly.

The Specialised Bodies

In addition to these technical offices, the ICA has a network of Specialised Bodies which bring together both ICA members and non-members in specific sectoral and functional fields. There are presently 10 Specialised Organisations (agriculture, banking, consumer, fisheries, housing, insurance,

consumer trade, industrial and artisanal production, tourism, and energy) and four Specialised Committees (communications, research, education and training, and women). Each has its own set of rules, organisational structure, and work programme. The Specialised Bodies report regularly on their activities to the General Assembly, where each has one representative with voting rights.

Current Priorities

Although the physical move of the ICA's headquarters from London to Geneva took place in 1982, the next few years were devoted largely to putting the Alliance's own house into order. As ICA President Lars Marcus described the situation: "The Executive Committee therefore instituted what was virtually an emergency plan, consisting of the following efforts: bring finances under control; increase contacts with the main ICA members; reform the development programme by reorganising the Regional Offices, attracting new donors, and expanding into Latin America; improve the management efficiency of the Head and Regional Offices; and improve the annual meetings by changing the content and attracting important international personalities. The measures were drastic, and not always pleasant, but they succeeded. The response of our members was very positive. By 1988 it was possible for the ICA to turn its attention once again to the major challenges facing its membership."

Realising that an organisation with a vast and diversified membership on the one hand, and limited resources on the other, cannot do everything that is wished or expected of it, the ICA has chosen five priority areas to guide its work since that time.

1. Promotion and Defence of Co-operative Values and Principles

From the outset, the ICA's members have seen the Alliance as the custodian of their shared values and principles. The current review, which will culminate in Manchester, has been motivated by a widespread concern that Co-operative identity is under increasing attack both from within and without. This is why, instead of undertaking a revision only of the Co-operative Principles, as was done in 1966, the current review has focused on the "Statement on Co-operative identity", which includes three components: a concise definition of a Co-operative (to complement that of the ILO's Recommendation 127, currently the only widely-accepted international definition); a summary of basic Co-operative values (to emphasise that Co-operative values are consistent and unchanging); and the Principles themselves (to reflect some of the changes in Co-operative

behaviour resulting from the current economic, political, and social environment).

Another major change, which is more explicitly stated in the Background Paper prepared by the project coordinator, Dr. Ian MacPherson, is that the 1995 version of the Principles is targeted more clearly than ever before at all five of the Co-operative movement's major traditional sectors-consumer, agriculture, finance, worker-production, and service. Although the 1995 draft may still appear too "consumer-oriented" for some of the ICA's newer members (and non-members) from the other sectors, a real effort has been made to find terminology and concepts with which all can feel comfortable - and which each sector can subsequently use to develop its own statement of "operating practices" which apply in more detail to its own activities.

The link between Co-operative theory and practice will likely be the major way in which ICA will pursue this subject after Manchester. Assuming that a consensus is reached on the Identity Statement, the next step will be to work with member organisations on the complex task of applying these principles to every-day activities. Already the ICA's European Region has made an important start in this direction through its work on the highly-relevant issue of Co-operative Governance. The "Co-operative Declaration for the 21st Century" - another Centennial Congress document - will also focus attention on the internal and external issues which Co-operatives must address in the future.

2. A Forum and Network to Promote Joint Action

Although the modern concept of networking was unknown to the ICA's founders in 1895, they already saw in the Alliance a vehicle to promote common activity and exchange of information. As with other membership organisations, the years have shown that those members who actively participate in the ICA are the ones most likely to obtain the greatest benefit from it.

It was this networking role of the ICA, more than anything else, which prompted the decision of the Tokyo Congress in 1992 to make the first major revision in the ICA's structure since 1895. The basic thinking was that the increasingly necessary collaboration among Co-operatives can best be carried out among similar kinds of organisations. Hence the concept of decentralisation, which was at the heart of the 1992 rules changes. By placing greater emphasis on political, sectoral, and technical activities at the regional level, the Alliance hopes to stimulate more and better

collaboration among its members. The importance of global collaboration is by no means ignored, but it should be more effective if it is based on a stronger regional and sectoral focus.

A good example of continental focusing can be found in the Americas region, where members from Canada to Argentina have agreed that business development is their highest priority. Accordingly, the ICA's Regional Office for the Americas (ROAM), with important support from development agencies in Canada and Sweden, has been concentrating its own efforts on ways to improve the competitive position of Co-operatives in the region. It is significant that, in this way, ROAM has moved away from the traditional, purely-developmental role of Regional Offices into activities designed to bring about a mutually-beneficial commercial relationship between Co-operatives in the north and the south.

The Specialised Bodies which operate under the general auspices of the ICA represent the other main focal point for common activities. The ICA's decision (in 1992) to welcome the greater autonomy of these Specialised Bodies was not without a certain risk to the cohesion of the global organisation. Almost without exception, however, the fact that members have had to take responsibility for their financing, organisation, and secretariat services has led to a greater sense of commitment and professionalisation of their activities. Most have chosen to work closely with the ICA Head Office and Regional Offices in such areas as development, UN relations, information, Co-operative principles, the Agenda 21, and conferences. Nevertheless, one of the ICA's major challenges for the future will be to work with the Specialised Bodies to bring about a closer practical collaboration.

The Specialised Bodies are also helping the ICA respond to some of the new challenges of the future. In 1992 a new International Co-operative Energy Organisation was established in recognition of the increasingly-important role played by Co-operatives in distribution of electricity and other sources of energy. In Manchester, leaders of health service Co-operatives from around the world will examine a proposal to establish a similar organisation in their field, one of the most rapidly-growing areas of Co-operative activity (and need).

3. Information about and for Co-operatives

Rita Rhodes' book demonstrates how the ICA's publications played a key role in maintaining the unity of the Alliance during the difficult war years. Communication with member organisations remains a high priority. The

traditional publications - the "ICA News" and "Review of International Co-operation" - have been steadily improved during recent years in terms of both content and lay-out. Unfortunately, financial constraints have meant that they are published only in English (except for the Review, which is translated into Spanish by Intercoop Editora in Argentina). Much of this material is, nevertheless, used by member organisations in their own publications.

Traditionally Co-operatives have done a relatively poor job communicating with the outside world about who they are and what they are doing. The ICA is attempting to address this issue through a new project on electronic networking. The establishment of e-mail linkages will have practical benefits in terms of improved communication within the ICA family (Head Office, Regional Offices, Specialised Bodies, and members). It will also be the means by which extensive information on Co-operatives is made available through the Internet. In collaboration with interested organisations in the U.S., Britain, and Australia, ICA is in the process of establishing a Listserver, a Gopher, and World Wide Web Pages about Co-operatives. This should be one of the best ways of bridging the information gap about Co-operatives - especially with young people - in the coming years.

4. A Catalyst for Co-operative Development

Since the opening of its first Regional Office in 1960, the ICA's work in promoting Co-operative development has grown rapidly. Today its annual development budget, based on contributions from more than 30 national and international agencies, is over 9 million Swiss francs. Development remains the main priority of the four Regional Offices (in Asia-Pacific; East, Central and Southern Africa; West Africa; and the Americas), which receive assistance from Head Office in planning, budgeting, and donor liaison.

In carrying out this work, ICA has taken care to avoid the temptation of becoming a "development agency", which could bring the risk of entering into competition with member organisations. Instead, the Alliance has chosen to focus on activities which complement and support the work of its members, and where its unique nature as a global Co-operative body gives it a distinctive role. Current priorities include influencing governments in order to create a favourable legislative and policy environment for Co-operative development; providing technical assistance for strategic planning and institution-building; promoting human resource development, including women's integration; and mobilising financial resources for Co-operative development.

The ICA Board is currently studying a proposal to establish a Development Trust which would structurally separate development activities from the other ICA functions. This would have the advantage of "protecting" the core ICA from possible financial risk, which is inherent in almost any development activity. On the other hand, it would also demonstrate to development partners that none of their support could be "siphoned off" into other non-development areas.

5. Representation to National Governments and the United Nations

The ICA's representational function has been very much in evidence in recent years, particularly in Eastern and Central Europe, where numerous visits by the ICA President and other representatives have demonstrated that Co-operatives can be as relevant to the countries in transition as they are in the OECD nations. The extent of this progress is remarkable, especially when one recalls that only five years ago the newly-elected president of one Eastern European country found it impossible to believe that Co-operatives could possibly exist in a capitalist country like the United States, and were therefore totally inappropriate for the new transition economies.

Government liaison has also become an important work of the ICA Regional Offices, especially in Asia and in East, Central and Southern Africa, where a series of Co-operative Ministerial conferences and related follow-up activities have helped to focus attention on the need to improve Co-operative legislation and policy. Numerous examples from both regions - Viet Nam, Philippines, Malaysia, India, Sri Lanka, Uganda, Kenya, and Namibia - demonstrate the progress that is being made in this direction.

As one of the first three organisations to receive Category One consultative status with the UN's Economic and Social Council in 1946, the ICA continues to represent Co-operative interests within the United Nations system. Given the sheer volume of UN activities, priorities must be chosen with care. The recent series of global conferences - Rio in 1992, Vienna in 1993, Copenhagen and Beijing in 1995 - has provided the ICA with an opportunity to influence the content of the meetings and related documentation on such important issues as sustainable development and the environment, human rights, social development, and women. The Programme of Action adopted by the World Summit for Social Development, for example, contains no fewer than nine positive references to Co-operatives, which will subsequently serve as guidelines for the actions of international agencies and national governments.

Influencing the heavy UN process is a complex task, for which the ICA relies on the support of its voluntary representatives in various UN cities, its member organisations, the Committee for the Promotion and Advancement of Co-operatives (COPAC), and the Specialised Bodies. Many of the latter have been able to use the ICA's special consultative status to participate in, and influence, particular UN events and conferences of interest to them. The International Co-operative and Mutual Insurance Federation, for example, still uses the 1977 UNCTAD declaration on the importance of insurance Co-operatives as a key policy justification in its discussions with national and international agencies.

Finances

No one familiar with the ICA will be unaware of the long, almost perpetual, discussions about its financial difficulties. The mobilising of sufficient financial support for an international organisation, much of whose activity is far removed from the daily preoccupations of its members, to say nothing of their members, is a constant and probably never-ending challenge. Like most membership associations (including the United Nations itself, which derives some two-thirds of its budget from 14 countries), the ICA relies on a small number of members for its key support. By mid-1995, Co-operatives from 17 countries had contributed some 75 per cent of the ICA's total subscription income of approximately 2 million Swiss francs, as follows:

- More than CHF 200,000	Japan
- CHF 100,000 to 200,000	U.K. Sweden France Russia
- CHF 50,000 to 100,000	Canada China Germany Norway USA Denmark Korea

- CHF 25,000 to 50,000

Italy
Finland
Switzerland
India
Czech Republic

Since the reorganisation of its internal financial systems and Regional Offices in the mid-1980s, ICA has managed to end every year since 1988 (except one) with a modest surplus. However, this has been due more to cost-reduction measures than to major increases in income. Both the Board and Audit-Control Committee have concluded that the current Head Office staff of eleven should not be reduced any further. Some costs can be further limited by using the resources available in the ICA network; this year, for example, a staff member has been engaged in the New Delhi office with responsibility for ICA's global membership correspondence and statistics.

Increasingly, however, the priority must be on new ways of increasing revenue. Responsibility for membership recruitment and follow-up now rests with the Regions, which are closer to national activities. A number of existing members, such as the National Co-operative Business Association of the United States, have changed their own internal policies in order to encourage ICA affiliation by their own major members. The ICA's minimum fee is rising every year so that the large number of minimum-dues-payers are collectively making an increasingly important contribution to the ICA finances. Although there has not been any change in the overall subscription formula since 1984, most members seem to prefer increasing their contribution through fee-for-service payments of various kinds rather than an increase in the annual dues.

The Future

It seems fair to conclude that, in spite of all the challenges facing both ICA and its members, the Alliance is entering the next 100 years of its existence in a stronger position than it has had for many years. Political support from the membership is generally strong, and the new regional structure has provided opportunities for greater participation by many movements. The sectoral work performed through the Specialised Bodies is steadily improving, as is their policy collaboration with the ICA offices. The technical work of ICA, carried out by the 11 Head Office staff and the other 56 staff members in the Regional Offices and Project Offices, is being steadily harmonised in order to make best use of available resources.

One of the first tasks facing the ICA Board after Manchester - where a quarter of its members, including the President, will be newly-elected - will be to assess the strengths and weaknesses of this present situation. Are the five priority tasks still appropriate? Has the new structure brought the expected results? Can the financial situation be improved? And - perhaps above all - how can the ICA be more useful to its members in the years ahead? The details may have changed greatly since 1895, but the basic challenge remains remarkably similar.

The Author

BRUCE THORDARSON has been at the ICA since 1985 - as Director since 1988. His university studies were in political science and international relations; his Co-operative service has included the posts of Director of Government Affairs, Canadian Co-operative Credit Society and of Executive Director, Co-operative Union of Canada; and his two books and various articles have addressed both areas - Canadian government and foreign policy and Co-operatives and international development.

In Passing

"Co-operative Studies in Other Countries": under this title in Bulletin 1 of the Society for Co-operative Studies, dated June 1967, W.P. Watkins welcomed the establishment of the SCS and, for its encouragement, reviewed older organisations with similar aims in Western Germany, France and America.

Bulletin 4 included his first article with the title International Notes and gave the glad tidings that the "former Director of the International Co-operative Alliance . . . will be reporting regularly on Co-operative studies abroad."

ICA - Present and Future

Statement on Co-operative Identity

Journals 82 and 83 have considered progress in the review of current "ICA Co-operative Principles" as amended in 1966 and below is the final official Draft which will be submitted to the Alliance Congress in September 1995. This is followed by two essays of analysis and assessment by Mr. G.J. Melmoth and Dr. Peter Davis.

Final Official Draft of Statement

Definition

A Co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, democracy, equality, equity, and solidarity. Co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

1st Principle: Voluntary and Open membership

Co-operatives are voluntary organisations open to all persons able to use their services and willing to accept the responsibilities of membership without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Co-operatives are democratic organisations controlled by their members who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to their members. In primary Co-operatives members have equal voting rights (one member, one vote) and Co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to and control the capital of their Co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the Co-operative; benefiting members in proportion to their transactions with the Co-operative; and supporting other activities as approved by membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their

members. If they enter into agreements with other organisations (including governments) or raise capital from external sources, they do so on terms that ensure democratic control by the members and maintain their Co-operative independence.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their Co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of Co-operation.

6th Principle: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the Co-operative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

While focusing on member needs and wishes, Co-operatives work for the sustainable development of their communities.

In Passing

"The ICA Principles can be put in effect to some extent by some key personnel in a Co-operative society, even when other staff and most members are left ignorant about them, because they are the practical rules of conducting the society on the dimension of a social group. On the other hand, basic Values are something that work fundamentally in the mind of an individual person".

*Professor A.K. Fujisawa, formerly of the
Co-operative College and Nihon University,
Japan - Journal 69, September 1990*

A Co-operative Identity for the Millennium

by G.J. Melmoth

Much has been said in all corners of the globe about Co-operative principles and several drafts have run their course. A further detailed exposition here might be a little too much at this juncture, but there are some last minute, postscript thoughts to add, and here they are.

My last piece on this subject, in Journal 82 last December, gained the title from the Editor "End in View", - but it lost in its final form a side heading which he had initially added, . . . "Lay on, MacPherson . . ." In the sometimes mysterious ways of editors, this injunction became the title of his own piece in Journal 82. In either place "Lay on, MacPherson . . ." was, of course, a tribute to the Canadian Professor of that ilk who has been thundering down the straight in recent weeks with Co-operative principles tied to his steed. Dr. Marshall, when he first referred to the phrase in our correspondence, added: "everyone, of course, knows the conclusion of the quotation . . ." Not everyone, as it happens. Whilst I know my Birnam Wood from my Dunsinane, and my Macbeth from my Macduff, I had to look the reference up, which for the benefit of readers similarly placed, concludes "And damn'd be him that first cries 'Hold, enough!'"

Short and Simple?

The April, 1995 meeting of the ICA Board in Sao Paulo, Brazil, wearily plodding through arguments for leaving this in or that out, or trying to cut short the special pleading of one of its number (rhetoric in Board meetings is invariably counter productive) was in the event close to Shakespearean hellfire damnation, although no member of the ICA Board cried "enough", or even "hold, enough!" The case for the short and simple gained the upper hand and, of course, there is great merit in it. This was underpinned by the "youth" argument. If we do not want youngsters to turn their backs on the promise and potential of the Co-operative way, then we should not obfuscate the message and weigh it down with detail. During the course of the Board meeting, Macduff/MacPherson was skilful in leading his nag around the more obvious pitfalls in this approach but even he began to flag before the "End (was) in View".

Principle on Economic Participation

The main casualty of the youth argument was the alleged complexity of the new principle on economic participation. This dealt both with capital

and its remuneration and also participation in surplus. The 1966 version, it will be recalled, handled the issues simply enough by stating as 3. "Share Capital should only receive a strictly limited rate of interest, if any". Principle 4 of 1966 defines the permissible objects of allocation of surplus by members. The 1995 manifestation fusing these two principles, as amended in April by the Board, was perhaps over-simplified. And hence we learn the lesson that brevity and clarity are not always happy bed-fellows.

Ian MacPherson slept on some of the ICA Board's amendments, plainly finding some of them uncomfortable, and did well to find a formula which went a long way to bridge the gap between those anxious to reflect concerns particularly in the productive sectors discussed below, and those wishing to discard baggage which they believed weighed down Co-ops so much that there was a temptation by management and members to convert into joint stock companies. (Perhaps some in this category tended to use the youth argument as cover.)

Generally Convincing

Because of Ian MacPherson's late night reflections and the Board's appreciation of the wisdom of his second thoughts, as well as the cleansing process which this very thorough review has resulted in, my own view is that the draft in the form being submitted to Congress, to be read where necessary in conjunction with the Background Paper, will stand up to analysis. Yves Regis, the President of CICOPA (the ICA specialised body of industrial, artisanal and service producers' Co-operatives), in lauding the man who in 1988 initiated the re-appraisal of Co-operative basic values and fundamentals, said (CICOPA Bulletin of 8th June, 1995) "I am not alone in thinking it will probably be the most important contribution to international Co-operation for which we have to thank our President, Lars Marcus."

M. Regis goes on to make the important point that these fundamentals do not really change. (We have inherited the Pioneers' attachment to the word "principles" which the ICA is reviewing for the third time in its century of existence. The Co-operative Bank which has in recent years so successfully reclaimed and proclaimed its Co-operative inheritance and ethos, points out on the front cover of this year's Annual Report "Times Change but Principles Don't".)

Yves Regis argues that "if Moses' Ten Commandments had been adjusted over the centuries to meet with actual practices of one sort and another, what would remain of them? Surely not a reference or a guide to our

behaviour but at the most a sociological catalogue without value, without vigour. The question on the contrary is to harmonise the basic values of Co-operation with the economic and social changes taking place throughout the world so as to build the foundations for a meaningful future.”

There is much to be said for this point of view. When faced with Sven Åke Bööck's "Co-operative Values in a Changing World", I felt that the ICA risked confusing what were, in effect, universal Co-operative fundamentals with the practices of particular sectors. Under Ian MacPherson's guidance, that risk has all but evaporated. The fundamentals are readily discernible in the latest draft, but the emphasis reflects today's environment.

Principle on Financial Structure

CICOPA fell victim to the Board's sudden rush for clarity and did not gain a great deal from Ian MacPherson's post-Board meeting re-think. The previous draft principle on Financial Structure contained the phrase "Usually at least a portion of a Co-operative's capital is owned collectively, intended to further the long-term purposes for which the Co-operative exists" and the present draft does not. It seems unlikely on reflection that the inclusion of this reference would have caused any sector particular difficulty in view of the qualifying word "usually". Perhaps the consumer Co-operative orientation historically of the ICA membership left out of account in the drafts of the first internationally expressed principles the tradition in producers' Co-ops, notably those in France, of indivisible reserves which are seen to guarantee the long-term continuation of the Co-operative enterprise. The CICOPA conference in Vitoria in June, 1994, concluded that "indivisible reserves are part of the basis of the theory and practice of Co-operation as well as one of Co-operation's historical and current principles. They must be included within the obligatory principles of producer Co-operatives."

It does appear that the ICA Centennial Congress, or to be more accurate, the General Assembly which follows it, will be faced with a vigorously argued amendment from the producer Co-operative movement calling for the reinstatement of this touchstone phrase. And who is to gainsay them?

Whither the ICA?

I shall be surprised if the draft and the accompanying Background Paper do not generally and in every other respect command the support of a majority of the ICA membership and a consensus in the UK. More important perhaps, given the hundreds of debates on Co-operative principles which have largely discounted the climax set piece occasion, will be the issues

which need to be hammered out in the Board and in ICA Regions afterwards on "Whither the ICA?" The era which Lars Marcus ushered in during 1984 is fast coming to an end. The new regional devolution in the Alliance is three years old. The direction and strategy of the ICA over the next decade now needs formulating in consultation with the membership. That is the challenge for the Millennium. Re-defining the Principles is simply the start.

The Author

GRAHAM MELMOTH is Secretary of the CWS and a member of its Executive. He is also Vice-President, Europe of the International Co-operative Alliance.

In Passing

"One, as it seems, very important experience that we have learned is that it is also very hard for Co-operatives to abandon successful strategies of yesterday. . . . To carry out a new strategy is challenging everywhere, but in a Co-operative you need a much broader process of understanding and decision making.

. . . To fulfil the Co-operative ideas it is necessary for everyone who has a responsibility for the Co-operatives to be disloyal to such means as outdated strategies, structures and locations. Our loyalty should only be to the objective of being an effective vehicle for economic welfare of the members."

*Roland Svensson, President and Chief Executive Officer
of Kooperativa Förbundet - Journal 83, May 1995*

Co-operative Identity and Co-operative Management

by Dr. Peter Davis

The growth in power and influence of management and the withering of democratic content in many of the larger Co-operative societies was one of the key issues that prompted the review of Co-operative Identity by the ICA. Another was the question of why bother to be a Co-operative at all? Whatever may be said in public many managers, unsure as to the answer to this question, have in the past, in the process of concentrating on their responsibility for the “business”, ignored falling membership participation.

The ICA draft documents on Co-operative Identity fail to address let alone resolve these problems. It is not an affirmation of the “promise” of Co-operation as a democratic movement (*Into the 21st Century: Co-operatives Yesterday, Today and Tomorrow*, ICA Background Paper, 1995) but a definition of its social and economic purpose that we require. To pretend as the background paper does that key decisions are taken by ordinary members through the democratic process is merely to perpetuate a myth that ignores management and creates cynicism in the latter rather than the commitment that the movement so urgently needs.

Politically - correct statements using the language of European social policy and business ethics just will not do. Honesty, social responsibility, and equal opportunities are important criteria upon which the performance of all organisations should be judged not just Co-operatives. Democracy is a distinctive feature of the Co-operative form but one that without the recognition of the role and importance of management in the decision-making process remains singularly hollow.

The Role of Managers

Co-operative managers need a clear statement of their role and their specifically Co-operative identity in terms of Co-operative objectives or mission. Such a statement is not an attempt to define a “perfect Co-operative” (Statement on Co-operative Identity: A Background paper, ICA, 1995) but to provide working criteria for the direction and purpose of all Co-operative organisations irrespective of their function. *Whilst Co-operative management has no recognition and no sense of its distinctive Co-operative purpose democracy will continue to be undermined and the development of the strategic management of Co-operative organisations*

will remain problematic and random. Yet the draft Statement on the Co-operative Identity simply reiterates the old formula of “common economic, social and cultural needs and aspirations” (see the clause Definition).

Nor does the following statement of principles concerning Democratic Member Control (principle 2) and Autonomy and Independence (principle 4) address how a well informed and powerful management, with little understanding or sympathy for the Co-operative movement, can be prevented from mobilising a majority of normally uninvolved Co-operative members to sell off for immediate short term gain the assets accumulated by past generations. Indeed “common . . . economic needs” could well be the justification for the sell off or transfer of the Co-operative organisation’s assets to a capital based organisation.

The Unifying Purpose?

We need a clear statement of the unifying purpose of Co-operation that can cover the wide diversity of Co-operative activities across the globe. This is not provided by the 6th principle which asserts rather than persuades that co-operation between Co-operatives is best. Unfortunately, it is *not* always in Co-operatives’ “common economic . . . needs” to trade together. And as we have no other statement of Co-operative purpose what else does this sixth principle refer to?

Co-operative associations today need more than ever to hold two primary over-arching common *Co-operative* purposes in addition to their functional business-based immediate purposes as providers of products and services. First, all Co-operators have in common their individual vulnerability and powerlessness in the marketplace and the inadequacy of their personal wealth to meet their needs for subsistence and welfare. Secondly, for association or co-operation to be practised by economically vulnerable people they must act together (this requires a strong sense of their community of interests). Thus we can say that;

The first Co-operative purpose is therefore to redress imbalances in market power.

Secondly, all Co-operative associations should exist to strengthen the idea and practice of community amongst their membership both as an intrinsic good and because it is this acting together in unity that is key to successful association.

The Co-operative's purpose, therefore, is to unite and involve its members in an economic and social community to provide countervailing market power and access to economic and social resources that as individuals the membership would not be able to accumulate for themselves.

The Definition Needed

An amended definition of Co-operative identity should therefore, read as follows:

"A Co-operative is a voluntary, democratic, autonomous association of persons, whose purpose is to encourage members to grow in community and to act collectively both for the intrinsic value of being part of a living community and to overcome their problems of economic dependency and need by providing access to, and ownership of the means of subsistence and welfare.

Co-operatives, as they grow, develop managerial strategies, structures and policies that enhance their ability to meet these Co-operative purposes".

Measuring Management Performance

These amendments to the draft definition of Co-operative identity enable a much sharper evaluation of the effectiveness of Co-operative management. It implies three clear Co-operative criteria upon which management performance can be judged in the Co-operative context:-

- a) The first criterion being the strengthening of unity, involvement and community within Co-operative membership.
- b) The second being the accumulation of collective and individual economic resources by members.
- c) The third and final criterion being the extent of democratic involvement exercised by members.

These three criteria are in addition to, not in place of, existing functional business criteria.

Co-operative management that seeks to achieve the purposes outlined above and is made fully accountable for their achievement must avoid those values that are drawn largely from the culture of MBA and main stream

management training programmes. As Reimer Volkers has put it “. . . where the membership orientation is replaced by mere customer orientation . . . change in the Co-operative character of the society is inevitable.” (Volkers, *ICA Review of International Co-operation*, No. 87, 1994 p48).

Co-operative Values

Only when Co-operative management is directed by a clear statement of Co-operative purpose, upon which appropriate values and principles have been constructed, can it begin to differentiate a Co-operative management culture. For this reason we need a statement of Co-operative values that emphasises the purpose as well as process of Co-operation.

The statement of Co-operative values should read;

“Co-operatives are based on the values of community, people before capital, self-help, mutual responsibility, democracy, quality, equity, service and stewardship.”

These additional values of community, people before capital, quality, stewardship and service to others can hardly be said to be new. Their re-emphasis now, however, is particularly important and relevant. It enables us to define the principles governing Co-operative management practice and culture and suggests the inclusion of a further key principle addressing this question into the existing draft statement.

The Principle of Community?

However, to attempt, as the official draft does, to place Community as a “new” 7th principle is almost to rewrite Co-operative history. Co-operation has always been based upon the recognition of community of interests and the attempt to make that community a living reality. This “new” 7th principle unfortunately externalises something that is central and interior to Co-operative Identity itself. Co-operatives should of course be interested in the wider community as should any socially responsible business. This is not something that differentiates Co-operatives from other types of business, even if Co-operatives may justly claim to have their roots in their local communities. It dilutes our understanding of true Co-operative identity and should be reformulated into the interior Co-operative value that community has always been, both as an intrinsic good or purpose, and in order that the process of Co-operation is effectively supported.

A Principle on Management?

I urge that the really new 7th principle that can help the movement address the problems we face should be under the heading of Co-operative Management, viz:-

Co-operative Management

“Co-operative management is conducted by men and women responsible for the stewardship of the Co-operative community, values and assets. They provide leadership and policy development options for the Co-operative association based upon professional training and Co-operative vocation and service. Co-operative management is that part of the Co-operative community professionally engaged to support the whole membership in the achievement of the Co-operative purpose.”

It is by the incorporation of Co-operative management as part of the Co-operative community and as representing an important principle of Co-operation itself that we can work out the tension, produced through increasing scale, between management and democracy within the Co-operative enterprise. *It is on this basis that we can and must include Co-operative executive management on the main boards of Co-operative societies.*

I do not in any way wish to imply any down-grading of the importance of lay elected directors nor of the excellent work undertaken in director training and development programmes (which in the UK I have had the privilege and pleasure to contribute to). These initiatives are essential, but alone lay directors in the modern world are no real match for the authority of the top team of professional executive managers running the society day by day.

Managers on Main Boards

The real danger to Co-operation lies in the fact that at present we have a legal myth of main board responsibility without that board's membership carrying sufficient professional authority. That authority will only be available to the main board when its lay membership is *strengthened* by being joined by members of the executive management *committed to the Co-operative purpose*. Without the latter commitment, of course, I readily accept that our democratic process and social and economic purpose will not have been strengthened. Top management and the elected members must operate as a united team, collectively accountable to the whole

membership, if the Co-operative process is to be reinforced and its purpose fulfilled.

A clear, membership-focused statement of Co-operative purpose, underpinning a strong statement of the principles of Co-operative management, can empower the professional Co-operative managers and at the same time improve the ability of lay members to assess management performance and ensure the integrity of the Co-operative identity.

The sterile separation of commercial and social in Co-operative activity must be swept aside and the Co-operative project seen as a whole. This means ensuring that the responsibility for leadership and the development of strategic and truly Co-operative responses includes senior members of the top management team as appointed members of the main board, alongside the otherwise elected lay directors. The commitment by top managers to the Co-operative purpose and their adherence to a short statement of Co-operative management principles will provide a succinct criterion for appraising management's Co-operative performance and enable lay members better to understand and defend, if necessary, the integrity of their Co-operative society. *The establishment of a principle of Co-operative management (see above) enables the Co-operative enterprise to be managed professionally and Co-operatively in such a way that democracy and involvement will remain key aspects of Co-operative practice. The clear definition of Co-operative purpose (see above) gives the Co-operative society, of whatever type, the strategic direction within which Co-operative management must work and against which their performance can then be appraised.*

Programmes of Training and Education

Finally, we need to stress that at the end of the day no statement on paper is worth very much unless we develop the management and organisational training and development resources to motivate and empower Co-operative managers and members. Clear professional leadership builds unity and encourages democratic participation in the Co-operative community in both economic and social terms. To understand what is to be the content of the training and education referred to in the 5th principle, therefore, requires that we know why we want to co-operate in the first place. *The aim of understanding our purpose as well as our process must inform much of the content of Co-operative education and training for managers as well as members. To define that purpose in terms of the need to off-set the economic and social vulnerability of the individual in the market place is not idealism but the common Co-operative identity upon which the*

responsiveness to specific needs of members in the diversity of Co-operative provision must be understood.

A fuller account of the approach in this article can be read in my Discussion Paper in Management Series No 95/1 Co-operative Management and Co-operative Purpose: Values, Principles and Objectives for Co-operatives into the 21st Century, published by the Management Centre, University of Leicester, price £2.00 plus p & p.

The Author

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In Passing

"The Long-term Struggle

The three great consumers' Co-operatives (Dortmund, Konsum Stockholm and Nada Kobe) wish to improve their market standing in their respective areas of activity. They can also attain this end on a social economic basis. Self-financing - it is clear - cannot be neglected because it is safe. All were agreed on this statement.

Co-operative ideology is no substitute for performance in the market. Nevertheless, with good market performance, Co-operative democracy has its chance."

M. Dabrunz in a comparative study of the three largest consumer Co-operatives in the world, first published in Der Verbraucher - Journal 53 April 1985.

Rôle of British Consumer Movement

by Dr. Rita Rhodes

In Journal 79 Lloyd Wilkinson and I wrote about the rôle of the British movement in the International Co-operative Alliance. That article tended to concentrate on personal contributions. In this one, therefore, I should like to look at two other very important and inter-related aspects of the relationship in the present and future - and also in the formative past. These aspects are the British movement's propagation of Rochdale Co-operation within the ICA and, associated with this, its financial support for the organisation.

The two are related inasmuch as the Rochdale formula led to a very large consumer Co-operative movement in Britain. Its size and propagation of Rochdale Principles made it important within the Alliance, an importance that was underpinned when Rochdale also became the Alliance's ideological and motivating force.

Moreover, during the early years of this century Rochdale Co-operation became the basis of large-scale consumer Co-operative movements in many European countries: France, Germany, Holland, Belgium, Austria, Switzerland and, before the Revolution, Russia. These movements developed among urban and industrialised workers and soon formed the backbone of the early ICA. Such movements held the British movement in special regard because it was the most successful and notable exponent of Rochdale Co-operation.

Membership Contributions until 1970s

Its size also made it financially important to the Alliance. For 80 years it was its highest membership payer. The one most nearly approaching it was the Russian movement but that was no longer voluntary after the Revolution. During its first two years the Alliance's subscription income amounted to £222 and £218 respectively. Of that all but a few pounds came from Great Britain. By 1920 Great Britain paid £845, while the newly created state of Georgia, the next highest contributor, paid £323. By 1975 the British and Soviet movements, into which the Georgian movement had been subsumed, paid £25,191 and £16,510 respectively.

My recent researches into the ICA suggest that, despite such sustained high contributions, the British were modest in their relations with the ICA.

The Influence Exercised?

For example, at the ICA's Congress in Hamburg in 1910 there was a move to transfer the organisation's fledgling office from London to Hamburg. An eye-witness account by Prof. Charles Gide, in an early history of the Alliance, observed that the move might have succeeded had it not been for the First World War. Gide also commented on "the reserve of our British friends, who did not wish to discuss the question of supremacy which it was intended to take from them."

This could have been "reserve", modesty, or plain political nous: but my belief that it was modesty can be supported by what happened on another occasion. At the ICA's Congress in Stockholm in 1927 changes were made to the rules. Under these no country, or union of countries, could exercise more than one-fifth of the total voting power in any Congress, or hold more than a given number of seats on the Alliance's Central Committee. In effect these changes applied only to the British and Soviet movements. Their ready acceptance of them reflects their recognition that it was important for smaller ICA member movements to be able to influence ICA decision making. However, whereas the Soviet movement sought rules changes to gain a commensurate reduction in its membership fees, the British movement did not. It therefore continued to pay at its previous rates and so remained the ICA's highest payer until the 1970s.

Changes in National Contributions

Then the position began to change. Between 1972 and 1975, Japanese subscriptions rose from £2,579 to £16,065. By 1983 they had risen dramatically to £66,184. Soviet subscriptions in that year at £35,000 had overtaken those of the British, at £30,785.

However, British financial generosity had not been confined to membership fees. Various ICA relief funds were well supported by British societies. For example, during the Second World War the Alliance established its Relief and Rehabilitation Fund. By 1945 it stood at £311,215 but, of that sum, British societies had contributed £257,011.

Other Lines of Influence

Ideological leadership and sustained financial support helped to increase British influence in the Alliance in other ways. We have already noted that there was an attempt to move the ICA's head office from London to Hamburg in 1910. A less well documented initiative occurred in 1919 when the French tried to move the office to Paris. Again this was unsuccessful and the longer the Secretariat remained in London the more

it imbibed British traditions. For example, the ICA's constitution, although undoubtedly a product of the democratic involvement of all ICA member movements, came to be operated in quite British ways. These were typical of British working class organisations of the period. I believe that had Walter Citrine worked for the Alliance, rather than the TUC, he would have felt completely at home in it! ICA administration also came under British influence because it was headed for long periods by officials - Henry May, Gertrude Polley, Will Watkins, W. Gemmel Alexander, John Gallacher, (now Lord Gallacher of Enfield,) and Robert Davies - who had previously worked for the British movement.

All this is, of course, historic. What of the present?

Decline in British Influence

In the last three decades factors have changed which have led to a decline in British influence. This has been reflected in a number of ways. There has been no British President since 1955, the honour going either to the French or the Swedes. In 1982, by a majority decision in a postal vote of the ICA's Central Committee, the head office was moved from London to Geneva. At the Stockholm Congress, 1988, a British nominee failed to gain election to the ICA Executive for the first time. It would be wrong to interpret these facts as implying disrespect or ingratitude. Rather they reflect changes in ICA politics which had resulted from the organisation's growing size and complexity. That growth can be illustrated by the following figures. In 1948 the ICA's affiliated membership was just under 100 million. By 1992, it has grown to almost 700 million and has risen further since. This growth reflected successful Co-operative development in Africa, Asia and the Pacific, and South America. It led to the establishment of the ICA Regional structure in these areas.

As a result British membership fees have declined as a percentage of overall subscriptions. They have also been overtaken by those of other movements, notably the Japanese.

Increasing size and diversity have also meant that consumer Co-operation, with which British Co-operation has been most closely associated, has become less important within the ICA. In 1946 consumer Co-operatives accounted for 56 per cent of ICA membership. By 1992 that figure had fallen to 14 per cent. As we are uncomfortably aware, the Dutch, German, French, Austrian and Finnish consumer Co-operative movements have either shrunk or disappeared. However, British membership of the ICA is still closely linked to the consumer movement: thus the Co-operative Union

is the co-ordinating agent among the UK organisations with representation on the ICA General Assembly - the others are the CWS, the CIS and the Plunkett Foundation.

Such observations lead us to ponder the future.

The Future?

To some extent that has been shaped by decisions taken at the ICA's Congress in Tokyo, 1992. The Alliance's increased size, diversity, complexity, and growing regionalisation led to major rules changes there. Under these the ICA became a regional structure based on Africa, Asia and the Pacific, the Americas, and Europe. This means that the British movement now functions mainly within a European context.

It is perhaps too early to see how this new relationship will work out. Elsewhere ICA regional structures had been closely linked to Co-operative development. There had been no similar need in Europe where Co-operative movements had become well established and had created a number of joint bodies at European level. We shall have to see how a new ICA structure in Europe will relate to these, and also to the Alliance's own head office that has always been based in Europe.

The first Regional Assembly, held in Prague last October, elected a 12 member ICA European Council and approved provisional rules. It was encouraging, and also significant, for future British relations with the Alliance to see that Graham Melmoth, Secretary of the CWS, was elected president of the European Council. I am sure that the Society will want to wish him well in this office and many hope that he might go on to become the next ICA President.

Attention to Issues of Membership

Within the new structure policy questions are still only in their formative stages. Initial concerns - in addition to the re-examination of Co-operative values and principles, discussed in recent Journals and elsewhere in this issue - seem to be Co-operative legislation, corporate governance, the environment, and gender problems. One issue that I hope that the British movement will push is that of Co-operative membership. At the ICA's Tokyo Congress I warmed to the call by Prof. Hans Munkner, Germany, that the role of Co-operative members should "be brought back into focus". He challenged the idea that they should be reduced to mere customers, and also questioned the wisdom of capital being raised from external investors or being allowed to "become more than a servant".

In Europe the British movement could speak of recent experiences in

trying to increase membership, particularly those of CRS and the CWS. It could also pass on the lessons distilled from its participation in the International Joint Project on Co-operative Democracy which has been examining ways of strengthening members' participation.

Sources of Capital

The question of membership relates not only to encouraging Co-operative democracy and helping to sustain bona fide societies but also to the question of capital, as Prof. Munkner recognised. That, in turn, impinges on the independence and autonomy of Co-operatives, and the question of whether they can retain these if they accept external funding, however well-meaning. Since 1904 this has been a frequently recurring, and hotly debated question in the ICA. I favour those who argue that external funding runs the risk of weakening members' ownership and control.

Such issues touch on the earlier episode mentioned in this article when British Co-operators contributed £257,011 to the ICA's Relief and Rehabilitation Fund during the Second World War. What would that represent in today's monetary terms? It certainly contained no external funding. It was the members' money and represented their trading loyalty; it was used to express their feelings of fraternity and solidarity with Co-operators in other countries hurt by the war. True fraternity can really only be expressed with your own money.

The episode illustrated British generosity in the ICA. It also reflected values of autonomy and independence. I hope that these are values that a later generation of British Co-operators will continue to press in the ICA.

The Author

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Her thesis on the "ICA during War and Peace 1910-1950" has recently earned her the degree of Ph.D. and is being published by the Alliance as part of its centenary celebrations. Dr. Rhodes is also active in consultancy in Co-operative education and training.

REGIONALISM - A BACKWARD STEP?

by Iain Williamson

One day at the International Co-operative Alliance's Congress in Stockholm back in 1988 - overcome by one of those impulsive and extravagant gestures which sometimes happen to even the most cautious of Co-operative consumers - I bought a little tin badge. I received it in exchange for a handful of kroner which went, I think, towards planting a tree somewhere in Africa.

It seemed like a good, even worthy, idea at the time. And so did the inscription on the badge, "Kooporation utan Gränser", which loosely translates as "Co-operation knows no Frontiers". What a magnificent concept, I mused, becoming engulfed in a wave of international idealism; and how well it sums up the work of the ICA!

Since then that tin badge and its simple slogan have become something of a talisman. I've carried it with me whenever possible while crossing national boundaries as a gesture of contempt - a sort of "up yours, but not Delors" - to all those petty frontier officials who, wherever you go, seem to be armed to teeth with machine guns and rubber stamps (have you noticed how, for all the technology of the modern age, the humble rubber stamp still plays such a crucial role in maintaining the status quo of states?) in a determined effort to make you feel as unwelcome as possible.

Creating New Frontiers?

How disappointing, therefore, to find that the ICA, after a century of remarkable achievements against all the odds, during which it has overcome so many of the difficulties thrown up in its path by the jealousy and greed of nationalism and the harsh realities of North-South and East-West global divisions, is now busy creating new frontiers of its own.

Under the revised structure formally implemented after the Congress in Tokyo in 1992, the ICA has changed to a system of being governed and operated on regional lines - something which flies completely in the face of the truly global organisation which was the world representative for Co-operatives during the previous 97 years.

That last statement is factually incorrect, of course, because for the first

years of its glorious history the ICA was inevitably little more than a cosy club for European consumer Co-operatives. However, in the last half century it has grown in stature while developing a truly global and diverse character, representing, as it does today, many more Asian than European Co-operators and areas of business activity far larger than the consumer sector.

There is no doubt that this was a well-meaning reform, intended (subconsciously, if not intentionally) to group Co-operative organisations more closely together in the three great power and trading blocs which now seem to be emerging - the Americas, the European Union and the Pacific Rim (though not necessarily in that order of importance). Unfortunately, rather than achieving a kind of "strength through unity" at a regional level, the danger is that this new set-up may seriously weaken the very body it is intended to reinforce.

The Dangers

The sheer imbalance of the new structure speaks for itself. Just look at the figures, which seem to embody all the regional inequalities which the ICA should be dedicated to eradicating:

Region	Individuals represented in the ICA
Asia and the Pacific	500 million
Europe	156 million
The Americas	88 million
Africa	20 million

Clearly, there is a serious danger that one or more of the new regions will develop more rapidly and successfully than others, leading to an artificial unevenness within the ICA structure. The longer-term threat is rather more worrying, for what little central power the ICA now possesses could ultimately be devolved to the stronger regions, leaving the centre out of touch with reality and stripped of any genuine international clout.

Make no mistake about it; for all its success in surviving as a global organisation for a hundred years, the ICA is not in itself a strong and powerful organisation. Far from it. Its finances are precariously balanced and easily weakened (almost fatally so during the early 1980s, when it ran up serious fiscal deficits) and it operates from a headquarters in Geneva that is probably smaller than your average Late Shop, with a staff of scarcely a dozen.

Working to its Strengths

The great strength of the ICA lies in its ability to bring together in one forum Co-operative representatives from the rich and the poor nations, in simplistic terms from white and black or north and south, so that they can learn from each other and maybe even provide genuine mutual aid in the true spirit of Co-operation.

Another great strength is in the ICA specialised organisations for the different Co-operative business sectors, several of which - notably insurance, banking and the distributive trade (Inter Co-op) - have agendas for practical global collaboration which reach far beyond the restrictive boundaries of a Co-operative world unevenly divided into regions.

There is every chance at the ICA Centennial Congress in Manchester that a new specialised committee will be established to represent the fast-growing health care Co-operative sector, which is rapidly taking off in countries as diverse as the United States, India and Japan. In Britain, where health care Co-ops are only now beginning to be considered as one way of transferring some of the responsibilities for an ageing population from a cash-starved NHS and local authority infrastructure, we have much to learn from the experiences of Co-operators in other countries - but at a global and not a regional level.

As the actual cost of international travel falls and the power of global-scale communications through the Internet and the information superhighways begins to erode the real and imagined strengths of the nation-state, it does seem at last that we are within reach of the ultimate dream of all internationalists - the global village.

What a pity, at such a potentially exciting moment in its history, that the International Co-operative Alliance seems to have turned its back on the concept of "Co-operation without Frontiers" in favour of a parochial and ultimately destructive regionalism.

The Author

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International Association of Consumer Co-operatives

by J.B. Owen

My article on Inter Co-op consists, first, of a factual statement on this international association of consumer Co-operatives and then of some personal reflections, particularly on the future. Inter Co-op is a specialised organisation within the ICA framework and there has been a major reorganisation of it during the first half of 1995.

Reorganisation in 1995

Prior to January this year, the collaboration between member organisations of Inter Co-op involved a complicated structure of associated and subsidiary activities.

At the 1994 annual meeting of Inter Co-op members it was agreed that its three sectors be formally separated, with a different membership base reflecting the specific interests of each member organisation within the separate sectors. The new structure came into being on January 1st 1995.

Nordisk Andersforbund Amba (NAF International, in short and, you will be relieved to hear, with a difference in Danish from its English meaning) is now operated autonomously with 7 member organisations, these being the Co-operative federal societies from Sweden, Denmark, Norway, Italy, Finland and the UK. Its main function is the buying of food commodities, things like coffee, canned fruit, fish and meat, and fresh fruit and vegetables. CWS is a full member of NAF. It has offices in Copenhagen, Bologna, Valencia, Santos - Brazil and San Francisco.

Inter Group is the new name adopted to cover the functions of the former non-food sector. It has offices in Hong Kong additional to the head office in Copenhagen and co-ordinates buying of durable consumer goods. Its membership principally comes from Scandinavia, with CWS an Associated Member.

All other activities and functions remain within *Inter Co-op* itself, which consists of 14 member organisations, from 12 countries - broadly the exchange of know-how and experience which was previously conducted through a Retail Committee which I chaired for the past 7 years. The members account for Co-operative trade in excess of £47,600 million and

combined individual membership of more than 35 million. The activities are controlled by the Inter Co-op board, which is elected by member organisations.

The three separate and autonomous bodies do, however, still share the same head office premises in Copenhagen and fully co-operate on an informal basis.

The New Inter Co-op

Looking at what is then in effect the “new” Inter Co-op its objectives can be described as follows:

- (i) Exchange of know-how and information.
- (ii) Support collaboration.
- (iii) To provide an executive and management network.

It is, in fact, the only forum where management and executives from consumer Co-ops can meet and discuss the common interests affecting the movement, if not worldwide, at least in a European dimension.

The Working Groups

Under the auspices of the Board and the Executive Committee, Inter Co-op operates six permanent working groups.

The first three of these groups are store types - covering Hypermarkets/ Superstores, Supermarkets and Discount Stores. These groups set their own agenda. Topics covered at recent meetings include store design and layout, manpower planning and labour scheduling, staff motivation and media advertising. Of particular interest was a staff exchange programme which took place earlier this year involving Sweden, Denmark and Finland.

A fourth group is the Food Laboratories Group which is very long established and involves members from eleven countries, including Japan. The group monitors quality assurance and management systems and arranges factory inspections.

Fifthly there is the Logistics Group which has recently completed a detailed study of best practice and issued a comprehensive report on supply chain management.

The sixth Group is the Steering Group for the management development and education programme for senior managers entitled "Strategic Management in Co-operative Retailing". The programme is a series of seminars in three modules, located in three different countries and it takes delegates through a number of cases and disciplines relating to retailing logistics, strategic planning and marketing. The programme is now being organised for the third year running. In each year the UK has been strongly represented. This year's delegates include Ian Extance, Deputy Chief Officer, Lincoln Co-op; Graeme Ross, Marketing Manager Scottish Co-op and two Manchester-based CWS managers, Phillip Wilkinson and Steve Parker. Agreement has already been reached to repeat the Strategic Management in Co-operative Retailing programme in 1996.

Additionally, Working Groups are set up from time to time to deal with specific topics of current and mutual interest. Issues covered of late under this heading include environment, dividend schemes, security, ethical trading and teleshopping. These groups like the permanent groups are well supported by the member organisations with the information obtained both relevant and significant.

Inter Co-op also provides an international information service, with regular bulletins and newsletters, giving key statistics and relevant information on European retailing, covering Co-operative and non-Co-operative organisations.

Similarities and Differences

In relation to all the work of Inter Co-op, experience suggests that some issues facing consumer societies in each country are very similar and, in these circumstances, the opportunity of exchanging experiences in a non-competitive environment is very valuable.

On the other hand, whilst the expansion of world travel and communication has made Europe a relatively small place, the *market conditions, culture and consumer preferences* can be very different in each country. Inter Co-op then provides the mechanism where managers are made aware of market conditions which differ from their own and they are exposed to other people's views on handling such situations. Better informed managers can be expected to make better decisions in situations of change.

In conclusion, it should be said that with European cross-border retailing now becoming common, the importance of collaboration between consumer Co-operatives becomes all the more relevant. This can be achieved by both multilateral and bilateral contacts. In either event, Inter Co-op provides the network that enables this to happen.

Problems for the Future - and Lessons

Lessons to be learnt are unending, ranging from the expansion of cross-border retailing to international buying alliances; from the experiences of restructuring in Sweden to the financial crises in Germany, Austria and more recently, EKA in Finland.

Cross-Border Retailing

The establishment of the European Single Market acted as a catalyst to trigger the European retail invasion into the U.K. It would seem that for a decade the stretch of water between the United Kingdom and mainland Europe protected us from these predators, in much the same way as it has protected the nation's sovereignty for centuries before.

Cross-border retailing has been a feature in many European and, particularly Scandinavian countries for a number of years. Inter Co-op commissioned a study of European retailers in May, 1991, and the significance of that study is only now being appreciated by many within the UK.

Its production was prompted by the desire of the Inter Co-op Retail Committee to expose the experience in different countries of the strengths and weaknesses of retailers who were known to be planning expansion into pastures new. It was a perfect example of practical international collaboration of considerable commercial benefit. It highlighted the features of Aldi, Netto and others, well before their appearance in the UK and also identified particular aspects of their respective businesses which would be of interest and value to Co-operative societies facing such competition in the future.

With a number of major British retailers now expanding in Europe, earlier failures seem to be forgotten. Tesco, Marks and Spencer and others have had their problems. This was not simply a case of the British failing to understand the continent for continentals have also chalked up failures.

However, more recent excursions look as though they may be more successful and European retailing looks to have arrived and there are various Co-operative cross-border initiatives. Amongst these we have the K.F. fashion chain, Kapp-Ahl operating in Sweden, Norway and Finland, Tradeka Finland operating shops in St. Petersburg, Moscow and Talin, and Co-op Switz involved in some interchange taking place along the Swiss/French border. A consortium of Italian Co-ops has a stake in Spanish hypermarkets operated by Basque Eroski Co-op.

International Buying Alliances

We should not, however, underestimate the effect on the market of the different cultures and tastes that exist within Europe, let alone further afield. This has most certainly had an impact on the effectiveness of international buying alliances that have emerged in recent years. Since 1989 around a dozen Pan European buying groups have been formed, and whilst there was a great deal of activity and publicity when they were set up, there has been little evidence of their success. These buying groups have found that supplier structures are still nationally based, and even with the largest multi-national companies, European-wide overrides are not easily negotiated.

Of course, as Co-operators we could have told them that. I can hear the cry of Co-operative commercial managers shouting - "been there, done that". It is very ironic that with regard to international joint buying ventures the Co-operative movement was well "ahead of its time". Will Watkins has described the efforts to establish international trading relations in the 1920s and 1930s through the formation of the 'International CWS' in 1924 and 'International Trading Agency' in 1938. I have already noted the Scandinavian buying group - NAF - formed in 1917. This group has stood the test of time and in recent years its membership has extended to Italy and the United Kingdom. Under the reorganisation described above, both NAF and the Inter Group for non-food buying seek to achieve more focus, and demand greater commitment from member organisations. Competing against strong, efficient competition, the "pick and choose" philosophy of the past will not do.

Even with strong authority, the joint international buying arrangement has to contend with different market conditions in each country, as well as varying safety standards and specifications - and without the vital ingredient of common taste. Compare the taste of coffee in Scandinavia, Italy and the United Kingdom and you begin to appreciate the problem the buyers have!

In General

My experiences of practical international Co-operation are limited to Europe, principally Scandinavia, and reflect involvement with Inter Co-op and its associated enterprises. As Co-operators we have so much to offer and probably even more to learn. My overwhelming experience in dealing with Co-operative colleagues in other countries is the warmth of response and desire to share experiences. We should not underestimate its value.

The recent difficulties (and lessons) from France, Belgium, Germany and

Austria should not be forgotten. There are, however, more successes than failures and strong vibrant consumer movements in many countries from which there is much to learn.

The Author

J.B. OWEN, a former student at the Co-operative College, and now Controller, CWS Retail, served Inter Co-op Retail Committee as chairman for 7 years and is currently Vice-Chairman of the 'new' Inter Co-op.

In Passing

Which other directions should we follow to realize the ambitious objectives Co-op has set for itself?

First of all, we should reinforce the Co-operative image at European level by presenting it as an important system of enterprise which resolutely promotes and protects consumer interests whilst also supporting strict environmental protection.

... The Co-operative movement has meanwhile acquired a long tradition of supra-national solidarity which should be maintained and further reinforced by likewise using these long-standing international bodies. but we should also move in other directions by inserting our operations into an international and, above all, European perspective.

*Signor Ivano Barberini, President of the
Associazione Nazionale delle Co-operative di
Consumo - Journal 68, May 1990*

A View from a Worker Co-operative **by Martin Meteyard**

I never got round to doing a spot check among worker Co-ops in the UK to see what they knew about the ICA. However it's a fair bet that most of them would have professed complete ignorance, while the rest would at best have known only of the ICA's existence rather than any of its activities (except, perhaps, for the forthcoming Manchester Congress).

Perhaps this is not so surprising. After all, how many members of the Labour Party know that it is affiliated to the Socialist International - let alone what that organisation gets up to? Perhaps it is just a reflection of the undeniable insularity of people and organisations in the UK.

Sometimes I wonder if the way that such international organisations operate - their remoteness and apparent lack of accountability - does not in turn reinforce that insularity. If the ICA or any other international organisation has no apparent relevance to what we do, and if it doesn't cost us anything either (a point to which I will return), then does it really matter?

Yet to my mind it does matter - a great deal, in fact. As all the background documentation to the ICA Congress makes clear, we live in an increasingly international world, dominated by global companies and institutions - and the challenge for Co-operators is for humanity around the globe. And if that is so, we need our own international organisations which are representative, responsive, flexible, and above all effective in influencing events and promoting change.

Has the ICA the potential to become such an organisation (which sadly it is not at present - at least in the perception of worker Co-ops in the UK)? Perhaps, perhaps not. My doubts are as much a product of my own ignorance here as anything else.

However, what would it have to do to become such an organisation? Let me outline at least some of the changes I see as necessary to achieve such a transformation.

1. Bringing the Structure Closer to Home

At the moment the Co-operative Union, which is, of course, predominantly based on the consumer Co-operative sector in the UK, is under its rules, the coordinating agent for the four UK organisations with representatives

on the ICA General Assembly - the others are the CWS, CIS and Plunkett Foundation. The Union does pass on information, from its rôle in the ICA, to other sectors - (eg. to ICOM in the case of worker Co-operatives). There are also mechanisms for at least some sectors to participate independently in particular aspects of the ICA's work: e.g. ICOM is a member of CICOPA, the producer/worker Co-op section of the ICA, which meant that I was able to attend the CICOPA conference in Vitoria last year as an ICOM delegate.

And yet, and yet . . . while it's very nice for me to be able to go to Vitoria, or attend the CICOPA plenary in Manchester prior to the ICA Congress, it doesn't really mean very much to the vast majority of worker Co-operative members in the UK. The link is there, but it's not exactly powerful. So what improvements can be made?

First, we probably need to look at how the co-ordinating function for the ICA in the UK could be carried out in a way that truly involves all sectors. We need a good information flow so that all are up-to-date with and feel involved in international developments. This undoubtedly needs to include use of relevant information technology and electronic mail systems - an area where the worker Co-operative sector already has much experience.

Still, as I know from my own experience, it is very, very difficult to extend contact and involvement beyond representative bodies into the constituent Co-operative organisations themselves (let alone their individual members). Perhaps there needs also to be some sort of modest financial contribution from interested Co-operatives - possibly built into the membership fee of representative organisations such as ICOM - which would be passed on to the ICA in exchange for copies of its official journals and access to other exchange and networking possibilities (see below). In this way, individual Co-operatives would at least have an opportunity and a choice about involvement in the international Co-operative community.

2. Promoting Co-operation as an International Solution

The downfall of Soviet communism was pronounced by one prominent US historian as signifying "the end of history" - capitalism was finally triumphant, there were no pages left to be written in the social evolution of humanity.

Yet as some of the background papers for the forthcoming ICA Congress underline, the social problems of the world are becoming more and not less challenging as we move into the 21st century - with some potential consequences which are truly frightening.

With our great knowledge and experience of the effectiveness of Co-operative solutions in almost all areas of life and work, is it not incumbent upon us - and our international organisation, the ICA - to promote their relevance much more vigorously in today's world?

One of the key problems experienced by worker Co-operatives in the UK today is a sense of isolation, a failure to identify with the wider movement or feel that they are part of something bigger. Indeed, many worker Co-ops tend to downplay their Co-operative status in business dealings for fear it may give the wrong impression!

Co-operatives and Co-operation need to become part of global political debate on the future. There needs to be a new recognition and pride as to their relevance - the warm glow that I suspect most of us experience when we see the advertisements for the Co-operative Bank on television is a small example of the sense of common identity we need to recreate.

And who better to take on this role than the ICA, strengthened as it will be by the debate and documentation leading up to the Manchester Congress? Only if Co-operative organisations of all descriptions can feel, not just comfortable, but inspired by coming together within the framework of a common vision for humanity can we really say that we are starting to tackle this task with the determination which it requires.

3. Promoting Greater Awareness within the Movement Itself

Knowledge of the different types and branches of Co-operation is still poor - poorly communicated, and poorly understood. This is true not just in the UK but also overseas.

Recently my own worker Co-operative, GreenCity Wholefoods in Glasgow, played host to a group of overseas students who were visiting in Scotland after completing their courses at Stanford Hall. It quickly became evident that, although we were all Co-operators, we were in real danger of talking completely at cross purposes.

"You have been trading for 17 years and you only have 20 members - that's not very good, is it?" No, it wasn't really a criticism of our economic performance, our turnover of £1.8m, or our creation of 20 jobs - it was just a fundamental inability to connect the issue of membership with that of employment, to understand that in the case of a worker Co-operative the number of members is limited to the number of employees who can draw a living wage from the business.

For these visitors, successful Co-operative organisation was all about maximising the number of members - and we were the first example of a worker Co-operative which they had ever come across. From that point of view, I suppose it was an important visit and exchange of ideas and experiences. But at the same time, is it not worrying that these "students" - mostly, in fact, senior managers and government officials sponsored to attend the College - should have remained in such ignorance of a major branch of Co-operation until that moment?

It worries me that with an international, UN-affiliated organisation such as the ICA - and with successful travel organisations such as Co-op Travel - we don't really seem to offer ordinary Co-operators the chance to see and understand Co-operation at work in other countries and other branches.

Of course, individual initiatives are taken from time to time to offer one-off study tours, visits, and exchanges. but there does not seem to be any systematic effort to offer ongoing programmes using the undoubted resources of the worldwide Co-operative movement. Another area for possible improvement?

4. The Business of Co-operation - Trade

Finally, it is perhaps worth asking whether the ICA could be doing more in terms of influencing the patterns of what Co-operatives are basically all about - trading.

Co-operation amongst Co-operatives is all very fine as a principle. However, the ICA Congress itself, perhaps, will miss something if it holds its discussions under the banner of 'From Values to Principles'? What about 'From Values to Principles to Actions'?

The sad reality is that co-operation amongst Co-operatives seems to be more notable by its absence than by anything else, even within particular branches or countries, let alone internationally.

Let me refer again to an observation and example given by the late *Will Watkins* in *Co-operative Principles Today & Tomorrow* (page 33):

"A special case of the problem of welding Co-operative consumers' and producers' organisations together in a common, coherent system is presented by the growth of Co-operation in the developing regions and clamant needs of the latter to market their products in the economically advanced countries. To expect the newly-liberated nations to make progress without enabling them to obtain a steadily increasing share of world trade is to ask them to lift themselves by their own boot-strings.

“The young Co-operatives of those countries expect more than good advice and technical assistance from the older movements; they want exchanges of goods and services on an equal business footing.

“But between the consumers’ Co-operative movements in the temperate zones, working their way back to the sources of raw materials, and the Co-operative movements of tropical producers of raw materials, working their way forward to their ultimate export markets, there exist, for example in the soap and edible oil industries, mammoth capitalist combines competing with each in its own sphere and only likely to be circumvented, to say nothing of dislodged, by the inter-locking of the two forms of Co-operation and co-ordinated action at both ends of the productive process.”

Why is this not happening? Why is the ICA apparently doing very little (if anything) to promote this sort of trading relationship? Why do Co-operative managers and directors at the most senior level continue to be at best ignorant or at worst dismissive when issues such as fair trade and Co-operative sourcing are raised with them?

Why do successful ethical initiatives such as the Cafedirect brand of coffee (grown by producer Co-operatives in Central America, marketed by a worker Co-op in the UK) arise from ad hoc encounters involving aid agencies and development workers, and not as part of a sustained and systematic approach supported at all levels of the Co-operative movement?

Documentation, Discussion - and Action

The ICA is celebrating its centenary, and deserves our best wishes on this occasion. The documentation produced for the Manchester Congress gives grounds for hope that it will re-assert its relevance to Co-operators everywhere. But it is the actions which follow that Congress and lead on towards the 21st century which will determine whether that hope is ultimately false or real.

The Author

MARTIN METEYARD has been a member of GreenCity Wholefoods Worker Co-operative in Glasgow since 1983, and is currently its General Manager. He has served on the General Council of ICOM (Industrial Common Ownership Movement - UK federation of worker Co-operatives) since 1986, and is one of its representatives on the editorial board of *New Sector* magazine. He chaired the conferences of the International Federation for Alternative Trade (IFAT) in 1991 and 1993, and is also active in CWS Scottish Co-op as chair of its Glasgow divisional committee and a member of its new Central Board.

Services to Central and Eastern Europe

by Professor D. Mavrogiannis

ICA's overall concern and activities aiming to support Co-operative movements in the ex-communist countries of Europe were laid down during three major meetings organised between early 1990 and late 1992.

1. Strategies Needed: March 1990

The first meeting was held in Geneva in March 1990. Representatives from the member-organisations of the countries concerned had reported and discussed problems created following collapse of the "socialist" economy, the process of privatisation and the impact on the future of the Co-operative sector. The strategies agreed upon by all participants, including ILO and WOCCU (World Organisation of Co-operative Credit Unions), were focussed on the following activities of ICA:

a. To follow-up national policies of privatising with a view *to create favourable conditions for Co-operative development* as part of the private economy and the economic pluralism. Policy matters were followed-up by ICA and particularly by its President Lars Marcus whose personal support was determinant for the survival of the Co-operative organisations of several countries (Poland, Bulgaria and others). Advisory services on Co-operative legislation were particularly sought with a view to restructure established Co-operatives and assist new ones as well, which have emerged after 1989.

b. Support of ICA to the member-organisations *in the field of technical assistance and transfer of know-how* from the European Union and Co-operatives of developed countries (movement-to-movement assistance), particularly for the development of human resources involved in the management and administration of Co-operative societies and enterprises.

c. *Elaboration and diffusion by ICA* of case studies, establishment of data and current trends and legislative texts for the information of all concerned (member-organisations, investors, foreign partners, decision-making authorities).

2. Seminar and Publication on Co-operative Legislation: December 1990

Held in Prague in December 1990, the regional seminar considered practical

problems resulted from dismantlement of the State economy and steps to be taken for regulating the chaotic legal situation. Numerous representatives from old and new Co-operative organisations as well as resource persons from ILO, CICOPA (the specialist organisation within ICA for producer/worker Co-operation) and the Crédit Coopératif of France examined various policy and legislation issues in the ex-communist countries and were informed about rules and practices in the field of Co-operatives in West Europe.

Legislative texts collected and discussed on this occasion by all participants under the chairmanship of Bruce Thordarson, Director-General of ICA, were published the following year in Geneva and made largely available. This publication is designed to provide current information on the stage of legislative developments in Eastern and Central Europe. That exchange proved to be helpful for many Co-operative movements in their efforts to influence the development of their own national legislation.

Included in the above publication were legislative texts from the following countries.

Bulgaria:

The basic and general law of July 1991 (67 articles plus 3 additional and 10 transitional clauses). The Draft was finalised, at the request of the Central Co-operative Union, by an ILO consultant whose services were put at the disposal of the ICA (A complete list of all Co-operative laws since 1907 is published as annex to the Report on the Bulgaria Co-operative Movement in Transition to the Market Economy, 1994).

Most significant is the text of Ordinance 192 of 1991 concerning conditions and procedure for returning to Co-operatives properties confiscated by the State after September 1944.

Czechoslovakia:

Three legislative texts from this country were incorporated in the publication: first, the housing, consumer, producer, and other Co-operatives Act of May 1990, (51 articles), repealing Co-operative Act No. 94 of 1988; second, the Co-operative Farming Act of May 1990 (62 articles), repealing Co-operative Act No. 90 of 1988; third, the Draft Law of 1991 (26 articles plus a Commentary Report). The purpose of this last transitional text was to regulate the *Transformation Project* regarding settlement of property matters within all types of existing Co-operatives. (It should be added that Law no. 513 of 1991 adopting the commercial code regulates in Part II, articles 221 to 260, conditions of establishment and functioning of Co-operative societies).

ICA and ILO have provided in 1991 advice and technical comments to the member-organisations regarding improvement and finalisation of the legislative texts during their elaboration by national experts. Currently, WOCCU is assisting Co-operative organisations of the country in drafting a new legal text concerning emerging credit unions.

Hungary:

The draft text of two laws, accompanied by a Commentary Report (Orientations), was proposed to the ad hoc commission in November 1990 for consideration. Parliament adopted them in January 1992, both of them finalised by the National Co-operative Council: the Co-operative Transition Act providing for restructuring, privatisation and transformation of existing Co-operative societies through a project of 'personalisation' of Co-operative property; and secondly, the Unified Co-operative Act providing a basic and general legal framework for all types of Co-operatives, which received a large national consensus from all parties concerned, including both Co-operative and governmental.

Currently, Hungarian Co-operatives work out a model of agricultural Co-operative development focused on cost of production (inputs) and on a rationalised organisation of management, processing activities and marketing as well as of agricultural products.

Poland:

Three legislative texts were published. First, the transitional Law adopted in January 1990, regulating changes in the structure and activities of national and regional Co-operative unions. Except the National Co-operative Council, all other Unions (more than 400 all-around the country) were cancelled and their properties, worth billions of US dollars, sold out to the public – part of them was taken up by the employees and continue to function in form of employee buy-outs.

The ICA, World Bank and the ILO have reacted to this policy from new political forces in power and exercised all possible pressure on the national authorities to put an end to the liquidation of Co-operative properties, wrongly considered to be State property.

The second Law adopted in August 1991 was intended to correct disastrous effects of the Law of 1990 and to regulate revalorisation of members' shareholding in primary societies. The third text was a Draft Law of September 1991 proposing amendments to the existing Co-operative Law of 1982. It took three years for the national authorities to agree on the finalisation and adoption of this Law in 1994. It is a short text maintaining

in force the Law of 1982, amended and adapted, hopefully, to the current and future needs of Co-operative development.

Polish authorities declined external advisory services offered to them on the occasion of three seminars organised between 1989 and 1990, plus two ad hoc consultancy missions of ILO and ICA.

Romania:

Two new Laws, adopted in 1990, were published. The Decree-law No. 66 of February 1990 abrogated law No. 14 of May 1989 and provides for all types of workers handicraft Co-operatives. The second is the Decree - Law No. 67 adopted on the same date, which stipulates rules for the organisation and the activities of consumer and credit Co-operatives. The above two texts were elaborated by national experts immediately after changes occurred in late 1989. However, Romanian Co-operative movement is showing a keen interest in the ICA's activities and keeping as well a close watch on the Co-operative movements of developed countries.

Russia:

The publication included the basic Law which had been finalised with the assistance of ILO and ICA and adopted in May 1988. That Law regulated all types of Co-operatives, organised on a voluntary basis and separately from the State and the collective farms, the latter being integrated in the centrally planned economy.

Prior to this Law, several decrees, adopted in 1987, had introduced on a limited basis privatised individual activities and new Co-operative patterns, with a view to supporting the effectiveness of the socialist economic sector, the productivity of which had been on the decline for some years. The law of 1988 was based on the approach proposed by Mikhail Gorbachev in his well-known speech of March 1988 in regard to the role of Co-operatives for implementing restructuring of the economy.

The drafting committee had finally accepted some recommendations of the ILO consultant regarding 'privatisation' and rationalisation of Co-operative organisation and functioning. However it rejected several others concerning the introduction of ICA's Co-operative principles, establishment of a progressive taxation system for Co-operative income, distribution of land and exclusion from the Law (art 6) of the Work Collectives.

Several other ILO, ICA and Nordic consultancy missions, seminars and symposia took place in Moscow, in several Republics and in Uppsala

University in Sweden between 1988 and 1991, but with little effect, unfortunately, on needed deep structural changes, both economic and Co-operative. In June 1992 was adopted a new law limited to the consumer Co-operatives only, while previous laws and the upper Co-operative organisations disappeared with the collapse of the USSR in December 1991.

3. Conference on Co-operative Property and Privatisation: September 1992

In September 1992, ICA organised in Geneva a conference, in which participated representatives of Co-operative member-organisations from several countries of Central and Eastern Europe. The main purpose was to give the representatives the opportunity to report: on progress made in restructuring Co-operatives; on the relationship and mutual impact between privatisation process on the one hand and Co-operatives on the other; on existing problems of Co-operative property, Co-operative policy and legislation; and on possible future action and transfer from West to East of aid, technology and managerial skills through a Co-operative network organised on this occasion, and operating until now, under the auspices of the ICA.

Three resource persons presented to the participants an analysis and evaluation of three main topics relevant to the main question of the conference: Co-operative Legislation, Property Rights and Privatisation in the Region (D. Mavrogiannis from Greece); the Effect of Privatisation Policies on Co-operatives (R. Svensson and Mats Ahnlund from Sweden); and Property Rights in Co-operatives (Lloyd Wilkinson from U.K.).

The papers and discussions of the conference were published and distributed by ICA.

Some Remarks in Conclusion

ICA's concern and activities in support of member-organisations of the ex-communist countries of Europe, which started by laying down strategies of action in early 1990, have not yet ended. Moved from policy matters into advisory services in the field of legislative framework and promotion of privatised forms of Co-operative action, they continue to be provided in other forms, occasions and ways. The new Regional structures of ICA are taking up part of those activities and provide the ICA's follow-up in Central and Eastern Europe. In particular, promotion of movement-to-movement action, advisory services, aid and technical support are sought, in addition to the existing project of COOP-Network under the chairmanship

of Ota Karen, Co-operative leader of the Czech Republic and the general direction of Mats Ahnlund. Transition of the old restructured Co-operatives as well as of the new organisations and enterprises cannot be achieved without restoring a complete and adequate legal framework, providing the basic rules applied not only to Co-operative organisation and operation but also to the connected themes of favourable conditions and climate for the Co-operative sector, the latter being part of the political and economic pluralism.

But Co-operative policy, legislation and development occurred currently in the region, cannot be well performed and further pursued, if privatisation does not progress according to the wishes of the population concerned. Yet, the questions under consideration and discussion more and more spread around among specialists and national authorities in most of the countries concerned, are: *which privatisation? And transition to what?* Land distribution, transfer of the State property to the producers and workers, organisation of the agricultural economy, employment, food distribution, capital formation for private business, social services to the poor, cannot be satisfactorily provided for, if privatisation and transition to the conditions of the market economy neglect the Co-operative model of action, human dignity and social justice.

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Professor Mavrogiannis has provided a set of Notes which, in relation to various passages in his paper, give lines of further reference and reading. Copies are available from the Joint Editor, Dr. R.L. Marshall, Holly Cottage, 15 Beacon Road, Woodhouse Eaves, Loughborough, Leicestershire, LE12 8RN. Tel. and Fax: 01509 890612.

Priorities in Developing Countries? **by Dr. S.K. Saxena**

This paper briefly presents the historical development of ICA's policy in the third world and refers to the two basic documents. The work of Regional Offices is discussed and at the risk of inviting criticism, the paper specifies some narrowly focused priorities for ICA to adopt in its future work in the third world. Some are already on ICA's program. Restrictions of space force generalisations.

Background

Two documents define ICA's policy on Co-operative movements in developing countries. These are comprehensive documents and cover many areas. The first is the *Long-Term Technical Assistance Program* adopted by the ICA Lausanne Congress of 1960. The components of the Program were: the continuation and completion of the Exploration of the Developing Regions; a program of intensive research; the promotion of education at all levels; collaboration with the United Nations and other Agencies; the promotion and expansion of trade between Co-operative organisations in developing countries and the highly developed movements in Western countries; and the promotion of Co-operative insurance societies and Co-operative banks or credit institutions.

The second document on *Co-operative Development Policy* was adopted by ICA's Central Committee in 1982. It emphasized the promotion and growth of independent, democratic and viable Co-operative societies in the third world in which men and women participate on equal terms, promotion of inter-Co-operative collaboration between different sectors and helping to create favourable public opinion for the movements' growth by enlisting the support of international organisations.

The Regional Offices

In the meantime and at different periods, ICA has created several Regional Offices which work in Asia, Africa, Central America and the Caribbean, South America and Europe. In fact, ICA's work in various parts of the world is carried out mainly through its Regional Offices. Of ICA's total 1993 budget, the expenditure on Co-operative development constituted 67%. More importantly, the ICA in going through a much needed process of regionalisation has made its control structure subject to the supervision of Co-operators of the areas which the Regional Offices serve. Until recently, these Offices were supervised by Regional Councils which

consisted of one member from each country; matters had to be cleared with the central authorities of the Alliance although, of course, once the policy was laid down, the day to day work could proceed without reference to the central bodies. Now the Regional Offices report to their own Regional Assemblies.

For many years, the Regional Offices concentrated on the promotion of education which was undertaken through a number of conferences, regional and national seminars and workshops. This was certainly true of the Office for S.E. Asia, and of the two for Africa, the three earlier Offices set up by the ICA. These activities had tended to become repetitive and were not relevant, in an immediate sense, to the efficient running of Co-operative institutions. There was, in other words, less emphasis on the formation of skills which would help the movements to operate efficiently. Education will have to continue, especially leadership and management education, although with a different focus. The concept of economic growth is now broader and includes aspects which had earlier been excluded. The Human Development Index is much more relevant to the Co-operative way of estimating human welfare. "The role of leaders", says the Economist (June 10, 1995), "is changing dramatically. Instead of imposing discipline, they need to release energies". The Regional Offices will have to continue to work in the field of education in developing countries, though, as said earlier, with an altered emphasis.

Some Suggested Priorities

At the risk of being too narrowly focused, we would suggest the following additional priorities for ICA's work in the near future:

- a) a continuing study of the new economic climate and the way it affects the movement's operations;
- b) the diminution in government's role will place enhanced responsibilities on the shoulders of the secondary level organisations; there will be an urgent need to strengthen them;
- c) co-operation between Co-operatives;
- d) wider replication of successful Co-operative developments;
- e) emphasizing Co-operatives' role in the protection and conservation of the environment.

These suggested areas of concentration can be broken down into many

sub-areas. We need not go into details and a brief discussion of the priority areas follows.

The New Economic Climate

The new economic climate throughout the world is characterized by liberalisation, privatisation and globalisation. The ramifications of these inter-linked processes are not our concern here. From the Co-operative point of view, however, the most important result is that liberalisation and privatisation will likely lead to the withdrawal of government control over Co-operative movements and present them with stiffer competition. In fact, this is already in evidence. For several decades, especially in South Asia, governments have played a rather oppressive role vis-a-vis Co-operative movements. This has emasculated democracy and people's initiative and stifled the growth of genuine Co-operatives; general assemblies have been superseded and Co-operatives have been less than responsive to members' needs. A whole army of bureaucracy has grown up in the government which intervenes in the day-to-day running of the movement.

The process of liberalisation has reached varying stages in different countries. In Tanzania, for instance, a recent Act considerably restricts the powers of the Commissioner; these do not now extend beyond registration and liquidation. In Sri Lanka, there are two clearly demarcated streams of the movement, one consisting of Multi-Purpose Co-operative Societies (MPCS) and the other composed of Thrift and Savings and commodity societies. The MPCS act more or less as the implementing agencies of government programs while the latter are relatively autonomous and responsive to member needs. Co-operators are aware and concerned about the changes in economic and political climate as evidenced by the recent seminar on the subject held in Kegalle in Sri Lanka.

In short, the net result of the liberalisation policy will be reduced government intervention in the movement.

Increased Responsibilities of the Secondary Organisations

As government support to the movements declines, increased responsibility will have to be assumed by the secondary and tertiary organisations for providing guidance and supervision to the primary societies. The principle of "subsidiarity" has already taken effect in some developing countries and some well-functioning societies are already providing such support. For instance, the Kaira Milk Producers' Federation (AMUL) in India provides operational guidance to a number of dairy Co-operatives throughout the country.

The task will not be easy and would require considerable strengthening of secondary organisations. A seminar organised by the ICA Office for Asia on "How to Increase the Effectiveness of National Co-operative Organisations" made a number of recommendations in this regard. The primaries will need support, possibly, in the fields of economic policy, membership involvement, maintenance of accounts and general management. Of course, such support will have to come at the request of primaries. We believe that ICA's concentration should be on measures to strengthen the secondary level organisations because the Alliance cannot work directly with the numerous primaries. The emergence of economic groups such as ASEAN (Association of South-East Asia Nations) and SAARC (South Asian Association for Regional Co-operation) and the relaxation of restrictions on entry into national markets will enable multinational corporations with vastly superior resources to work in overseas markets. In fact, this is already happening. Co-operatives will face intensified competition.

Wider Multiplication of Co-operative Successes

Most developing countries show some cases of Co-operative successes. These need to be multiplied after a careful consideration of the factors responsible for their success. An example can be cited from Co-operative legislation. Law has been an important factor in determining the growth of Co-operative movements in developing countries. Genuine Co-operators have voiced their criticism of restrictive legislation. Only recently, through the consistent efforts of what is known as the Co-operative Initiative Panel, a new law called Mutually Aided Co-operative Societies Act has been passed in May 1995 in the Andhra Pradesh Assembly, a State in South India. The importance of the law consists in its liberal nature which restores to the General Body its supreme decision making authority; moreover Co-operation in India is a State subject and the authorities for the country as a whole are concerned only with Co-operatives which work in several States. The content of the legislation and the long battle by Co-operators to have it passed by the Provincial Assembly do not concern us here. It is enough to mention that the new law satisfies the wishes of Co-operators who believe in the basic values of Co-operation.

It would be an important task for the ICA to examine how it could help in replicating, with suitable modifications, similar Acts in other parts of the third world. The climate seems to be ripe in view of the radical changes in thinking currently taking place.

Co-operation between Co-operatives

Collaboration between Co-operatives is another area which needs ICA's

urgent attention: in fact, it already figures on ICA's program. I have recently discussed this difficult principle in some detail in another context. The producer-consumer dichotomy and the political factors associated with agricultural and consumers' Co-operation have not allowed the sectors to work in a collaborative way. It is important, again in view of the intensified competition, that the various sectors join together their forces if they are to withstand the onslaught of competition. Although there are numerous cases of Co-operatives joining together - e.g., federations, the secondary sector - disunity still persists in the movement.

But unity within the movement cannot be forced; this will be counter to Co-operative thinking and practice. Perhaps three steps could be suggested to accelerate the process. First, it is important that information on forging economic relations between Co-operatives is made available to interested organisations. Second, broad-based Co-operative education programs would emphasise to the participants the existence and relevance of Co-operative sectors other than their own. Common roots of Co-operation will need to be underlined. Finally, more research has to be undertaken on 'Co-operation' in the sense in which the word is used in the movement and on 'co-operation' i.e. in the word's more general sense. Such research will, hopefully, identify the difficulties experienced in Co-operatives collaborating with other Co-operatives and the ways in which these could be overcome.

Co-operatives and the Environment

The last area for ICA emphasis in developing countries would be on the role of the movement in the protection and conservation of environment. Its spoliation in developing countries and the vast tracts of land which lie degraded are well documented. The ICA discussed the subject in Japan three years ago. What can Co-operatives do in this field? Some examples are available from the movements in Canada, Sweden, Japan, India and Sri Lanka and others.

In a forthcoming publication, I have suggested a five-pronged strategy for the engagement of the movements in this worth-while task whose neglect threatens to overtake us all. Briefly these are: awareness-raising and, because of the need for setting priorities caused by resource scarcity, concentration, in the short run, on the directors of societies; emphasis in movements' education programs on elements common to Co-operative ideology and the fight against degradation of environment; establishing contacts with technical organisations and with relevant government agencies; collaboration with like-minded organisations IFAP (International Federation of Agricultural Producers) and UNEP (United Nations Environmental

Programme) come to mind; and support to an Environment group at the international Co-operative level.

Summary

Against the background of two ICA policy papers on the promotion of Co-operation in developing countries, this paper has discussed the creation of ICA Regional Offices in various parts of the world. Control structure is now regionalised. Reference is made to the changing economic policy characterised by liberalisation, privatisation and globalisation. This process is likely to mean the gradual withdrawal of government interference in the Co-operative movement and a simultaneous increase in the responsibilities of the secondary sector for providing guidance to primary societies.

In addition to continuing leadership and management education but with a changing focus, the paper suggests five priorities for ICA work in the third world:

- (a) Continuing study of the new economic climate;
- (b) Strengthening the secondary or national level organisations;
- (c) Promotion of co-operation between Co-operatives;
- (d) Replication of successful Co-operative cases; an example has been cited from Co-operative law; and
- (e) Encouraging the role of Co-operatives in the protection and conservation of environment.

The Author

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